

South Asia Weekly Briefing:

A Region Realigning Under Pressure**

South Asia entered the second week of January with a rare combination of continuity and disruption—steady military cooperation on one end, and geopolitical recalibration everywhere else.

Old rivalries are being rearranged, great-power footprints are deepening, and regional governments are hedging quietly, sensing that 2026 will be a year of consequence.

The week's developments suggest three converging trends:

1. **South Asia is becoming more multipolar and transactional,**
2. **Washington's influence remains strong but contested,** and
3. **India's choices are shaping the region more than ever.**

Below is what matters, and why.

PAKISTAN & THE UNITED STATES: A Quiet Reset Behind The Noise

Pakistan and the U.S. reopened a familiar chapter with the launch of **Inspired Gambit–2026**, a two-week counterterrorism training exercise in KP.

For Washington, the drill offers a modest but meaningful foothold in a critical security theater.

For Islamabad, it signals strategic breathing room—a reminder that despite turbulence, the United States still matters.

Behind the training manuals sits a deeper story:

- Pakistan is **repositioning itself as indispensable** in counterterrorism as threats from Afghanistan stretch across the Durand Line.
- U.S. defense cooperation with Islamabad, while episodic, is **becoming increasingly functional**, particularly as India draws closer to Europe and Japan.

Despite political volatility in Washington, the Pentagon remains determined not to lose Pakistan entirely to China.

The takeaway:

U.S.–Pakistan cooperation isn't a revival—it's a disciplined necessity.

THE INDIA–PAKISTAN QUESTION RETURNS TO THE GLOBAL STAGE—AGAIN

Donald Trump did what South Asia has never allowed geopolitics to forget: He **revived global attention on the May 2025 Indo-Pakistan conflict**, attaching his personal diplomacy to the crisis—and his case for a Nobel Peace Prize.

While Islamabad and New Delhi have returned to tense calm, this dispute is reentering Washington's bloodstream:

- Pakistan will welcome renewed recognition of its security concerns.
- India will quietly resent being pulled back into a narrative it believes it has moved past.
- U.S. institutions may once again face the strategic dilemma of **managing two nuclear rivals that refuse to be ignored**.

The takeaway:

Even when the guns fall silent, the Indo-Pak rivalry remains Washington's most unavoidable unfinished war.

INDIA'S NEW DIPLOMACY: EUROPE TODAY, BEIJING TOMORROW

Commerce Minister **Piyush Goyal's EU talks in Brussels** energized a trade track that had stalled for years.

More quietly—and more consequentially—India has taken steps to thaw relations with China.

Three drivers stand out:

1. **Restored confidence patrols in Ladakh**—a big shift from the 2020 Galwan nadir.
2. **A rollback of tender restrictions on Chinese firms**, opening the door for hydro and infrastructure bid participation.
3. **A calculated return to business pragmatism**, not affection—India wants access to capital without ceding strategic leverage.

If these policy shifts hold, three regional outcomes follow:

- **Nepal's hydropower economy could surge**, unlocking stalled megaprojects.
- China gains a partial re-entry into the Indian market—but with political sensors attached.
- India signals a new doctrine: **security-driven competition with economic compartmentalization**.

The takeaway:

New Delhi is discovering that great-power rivalry is costly; selective cooperation may be its new normal.

AFGHANISTAN: A STALEMATE NO ONE CAN IGNORE

China and Pakistan issued a coordinated—and unusually sharp—call for the Taliban to curb cross-border terrorism.

The message reflects:

- Beijing's growing impatience with insecurity spilling into Xinjiang and CPEC routes,
- Pakistan's unsustainable counterterror burden,
- And the uncomfortable reality that **the Taliban's promises are wearing thin.**

No state has leverage over the Islamic Emirate, yet all of them need stability.

Expect a creeping pivot toward **regional punitive measures**—from border closures to intelligence pressure—if Kabul continues to look away.

The takeaway:

Afghanistan remains the reluctant gravitational center of South Asian security.

BANGLADESH, NEPAL & SRI LANKA: DOMESTIC SHIFTS WITH GEOPOLITICAL CONSEQUENCES

Bangladesh heads into pivotal elections, its next government likely to define Dhaka's external tilt for years—toward India, China, or a hedging middle.

Nepal prepares for tense March polls amid border unrest and competing influence campaigns by India and China.

Hydropower, as always, is the battlefield.

Sri Lanka is clawing back from economic collapse by balancing creditors and courting tourists, while navigating trilateral pressure from India, Japan, and China.

Across these smaller states, one pattern stands out:

Internal politics have become proxies for external influence.

BOTTOM LINE

South Asia is settling into a new strategic rhythm—one where:

- **Washington is engaged but no longer dominant,**
- **China is ever-present but more cautious,**
- **India is acting like the region's agenda-setter,**
- **Pakistan is leveraging security partnerships to stay relevant, and**

- **Smaller states are the terrain on which great powers compete.**

If 2025 was the year of conflict,

2026 is shaping up to be the year of recalibration.

And as always in South Asia, the next flashpoint will arrive quietly—until it doesn't.

Ends