

ABSTRACT OF THE THESIS

Neo-classical Realism Approach to Economic Integration through Free Trade Agreements: A Study on South Asia (2000 – 2020)

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World Trade Organisation (WTO) expects Free Trade Agreements (FTAs) to foster regional integration and for each region to become a building bloc to form a single multilateral trade system collectively. Many economic studies have reiterated South Asia has a comparative advantage in enhancing economic integration. Despite the potential, the region remains as one the least connected, with only 5.5% of intra-regional trade. The existing scholarship has already suggested that the reasons for this low level are political, although these factors still need to be adequately studied. This study attempts to fill this gap by exploring the systemic factors and processes affecting South Asia's low level of economic integration between 2000 - 2020. Employing the Neo-Classical Realism (NCR) Type III model presented by Ripsman et al. (2016), this study traces the causal relations between the systemic, sub-systemic and domestic variables in the FTA-making processes in three South Asian countries: India, Sri Lanka and Pakistan. The pressure from the US, China and the India – Pakistan rivalry are systemic and sub-systemic pressures. Four factors, leader images, strategic culture, state-society relations, and domestic institutions, are the domestic variables mediating systemic pressure. Adopting the Deductive

Qualitative Analysis (DQA), the study uses two research methods: Comparative Case Studies (CCS) and Process Tracing (PT), which are the mainstay methods in NCR-inspired studies. The hoop test was used to trace the causality depicted in the data. The evidence is collected from primary and secondary sources and semi-structured interviews. The study suggests the necessary criteria to establish causation between all three systemic and sub-systemic pressures and the economic integration in South Asia, differently in three stages: 2000-2006/07; 2006/07-2010 and 2010-2020. The impact of the US pressure during the first stage has resulted in a proliferation of FTAs. In the second phase, the pressure from China has significantly impacted the region, forming a more restrictive environment for trade liberalisation through its bilateral engagements with Sri Lanka and Pakistan. Meanwhile, India has expanded its trade with East Asian countries. The same trend continued more intensely from 2010 – 2020, further weakening South Asian integration. The study found the NCR Type III model to be enormously useful in explaining the phenomenon of the low level of economic integration in South Asia.