Title: Can resolving geopolitical tensions help South Asian countries elude the carbon curse of natural resources?

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Abstract: South Asia is regarded as highly vulnerable to climate change-related concerns. Thus, it is of utmost importance for South Asian countries to conceptualize environmental development policies that can be implemented to tackle carbon emission-related environmental hazards. Moreover, due to high reliance on natural resources, almost all South Asian nations find it extremely difficult to reduce their carbon discharges. Therefore, taking note of these concerning issues, this study aims to explore the environmental impacts associated with natural resource dependency, geopolitical tensions, financial development, and urbanization in the context of major South Asian countries including Bangladesh, Pakistan, India, and Sri Lanka. Notably, this study emphasizes whether reducing geopolitical tensions, by resolving external conflicts, can help these nations limit the carbon emission-related problems that are specifically associated with natural resource consumption. In this regard, a composite carbon curse index is calculated using data regarding three carbon emission-based indicators of environmental quality (per capita carbon dioxide emissions, rate of carbon intensity of energy use, and per capita consumption-based carbon footprints). For analytical purposes, several advanced panel data estimation methods that are robust against cross-sectionally dependent data with heterogeneous slope coefficients and endogeneity-related issues, are employed. Overall, the results endorse that more dependence on natural resources for stimulating economic growth worsens the carbon curse faced by the South Asia nations. By contrast, reducing geopolitical tensions through the resolution of external conflicts is observed to help the selected South Asian countries limit the carbon curse associated with natural resource consumption, both directly and indirectly. Therefore, in line with these findings, relevant decarbonization policies are recommended, which the concerned South Asian governments can take note of when designing green growth policies in the future.

Keywords: Carbon emissions Natural resource dependency Geopolitical tensions Environmental quality Carbon curse South Asia Panel data analysis Green growth policies

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