



# The Kingdom of Bhutan

## Background

The Kingdom of Bhutan is a small, landlocked Himalayan country situated between India and the People's Republic of China (PRC, or China). The mountainous kingdom is about half the size of Indiana, with an estimated population of approximately 876,000. Hydropower (accounting for 63% of the country's exports by value), agriculture, and forestry development are the primary drivers of economic growth. With 60% forest cover and extensive hydropower, Bhutan is a carbon-negative country. Although Bhutan does not have diplomatic relations with any permanent members of the U.N. Security Council, including the United States, the U.S. State Department describes U.S.-Bhutan relations as "warm" and "informal." The U.S. Embassy in New Delhi, India, conducts consular responsibilities for Bhutan, and Bhutan maintains a consulate general in New York City. Geopolitical tensions between China and India along their Himalayan border have generally increased U.S. policymakers' interest in the region. Members of the 118<sup>th</sup> Congress have focused interest on Bhutan's human rights record and Chinese territorial claims in Bhutan.

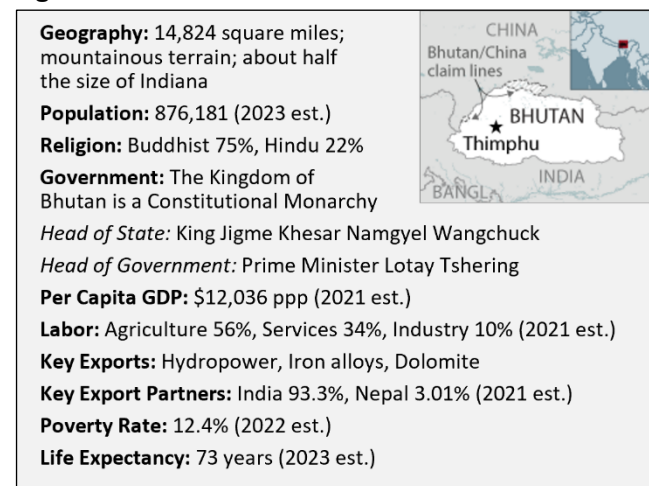
The Biden Administration has identified its primary strategic objective in Bhutan as "the eventual normalization of relations while reinforcing support for Bhutanese sovereignty." The State Department describes Bhutan as playing an active role in supporting the rules-based international order, particularly in the Indo-Pacific, despite being one of the world's newest democracies. The Bhutanese government has consistently said that it seeks to expand U.S.-Bhutan cooperation. Bhutan has participated in a U.S. Agency for International Development regional program for South Asia directed at developing power infrastructure, and has implemented energy- and disaster-related programs intended to help mitigate some of the effects of climate change.

## The Constitution, Elections, and the King

Bhutan's constitution, implemented in 2008, established three branches of government: legislative, executive, and judicial. The bicameral legislature includes the National Assembly, with 47 elected representatives, and the National Council, with 25 members, 5 of whom are selected by the king. Legislators serve five-year terms. The executive branch includes the monarch, currently King Jigme Khesar Namgyel Wangchuck, as Head of State, and the prime minister, presently Lotay Tshering, as Head of Government. The monarchy is hereditary, and the king appoints the majority leader in the parliament as prime minister. The king can be forced to abdicate by a two-thirds vote in the National Assembly. There is also a Council of Ministers, whose members are nominated by the king, in consultation with the prime minister, and approved by the National Assembly. The judiciary consists of the Supreme Court, the High Court, District Courts, and Sub-District Courts.

The Wangchuck dynasty, in power since 1907, has shaped Bhutan's democracy. Bhutan's path to democracy was not spurred by a popular movement but rather was spearheaded by the monarchy. After previous monarchs implemented incremental social and administrative reforms, current King Jigme Khesar Namgyel, in power since 2006, began the country's top-down democratic transition. In 2008, Bhutan's political system changed from an absolute monarchy to a constitutional monarchy with a parliamentary government. Bhutan's first prime minister, Jigme Y. Thinley, came to power in the country's first elections in 2008. The 2008 elections were deemed free and fair by international election observers. Parliamentary elections were also held in 2013 and 2018. In 2018, the center-left Druk Nyamrup Tshogpa Party won 30 of 47 seats. The next election is due in October 2023.

## Figure 1. Bhutan in Brief



Source: CIA World Factbook, World Bank.

## Ethnic, Religious, and Refugee Issues

Bhutan has four ethnic groups, most of which are associated with a region in the country: the *Ngalops* (westerners), the *Sharchop* (easterners), aboriginal people, and the *Lhotshampa* (southerners). The *Ngalops* migrated from Tibet to Bhutan around the ninth century. They introduced Tibetan culture and Mahayana Buddhism to Bhutan. The *Ngalops* are the majority in central, western, and northern Bhutan, and are culturally, religiously, and politically the country's most prominent group. The *Sharchops* are thought to have originated from Assam, in present-day India, or perhaps Burma, and they also practice Mahayana Buddhism. Several aboriginal groups (*Drokpa*, *Lepcha*, *Doya*) live and practice Hinduism throughout Bhutan. *Lhotshampa*, Hindus of Nepali descent, are the majority in the south.

In the late 1980s and early 1990s, the Thimphu government implemented policies targeting the *Lhotshampa*, who then comprised about 25% of Bhutan's population (35% today), calling them a threat to the country's cultural identity. Many *Lhotshampa* were expelled or voluntarily emigrated to India and Nepal, evading government attempts to forcibly integrate them into mainstream Bhutanese culture. This tension led to unrest in the south of Bhutan, and resulted in an estimated 107,000 Hindu Nepali settlers returning to Nepal as refugees. The United States resettled some of the *Lhotshampa* refugees residing in Nepal. H.Res. 228 and S.Res. 108, introduced in the 118<sup>th</sup> Congress, would recognize the Bhutanese government's responsibility for the oppression and forced eviction of over 100,000 *Lhotshampa* in the 1980s and 1990s.

## Economic Development and “Gross National Happiness (GNH)”

Bhutan is a lower-middle income country, and has experienced consistent economic growth since 2021, with GDP growth exceeding 4%. The Asian Development Bank forecasts growth to reach 4.6% in 2023 and 4.2% in 2024. The poverty rate decreased from 36% in 2000 to 12.4% in 2022. New hydropower plants are expected to come online while the government has invested past hydropower profits in public health care, contributing to an increase in life expectancy.

The State Department identifies “expanded assistance in the areas of monetary and policy, technology, entrepreneurship, intellectual property (IP) and support for U.S. investment” as ways the United States can help maintain Bhutan's economic trajectory.

The government of Bhutan emphasizes the concept of measuring Gross National Happiness (GNH), in contrast to Gross Domestic Product (GDP). GNH was enshrined in Article 9 of the Constitution of Bhutan in 2008. The Gross National Happiness Commission (GNHC) is responsible for implementing GNH and ensuring that all government policies are formulated and implemented in line with the principles of GNH. The World Bank's most recent estimate of Bhutan's Gini index in 2017 was 37.4, a decrease in inequality from 2012's 38.8 index.

## Foreign Relations

Bhutan's external relations have been heavily influenced by the United Kingdom, and more recently India, for much of the past century. The 1910 Treaty of Punakha and 1949 Treaty of Friendship allowed the British and Indian governments, respectively, to direct Bhutan's external affairs. Both treaties prohibited British and Indian “interference in the internal administration of Bhutan” and provided protection from external encroachment. India is Bhutan's key strategic and economic partner. Bhutan and India reaffirmed their relations with another Treaty of Friendship, signed in 2007, emphasizing that Bhutan-India disputes regarding the Treaty shall be settled through bilateral negotiations. Bhutan has joined a number of international organizations and entered into several international agreements. It was a co-founding member of the South Asian Association for Regional Cooperation in 1985 and joined the South Asian Free Trade Agreement in

2004. Bhutan is also a member of the Bay of Bengal Initiative for Multi-sectoral Technical and Economic Cooperation. Bhutan has full representation at the United Nations, which it joined in 1971. Bhutan also joined 174 other countries in signing the Paris Agreement on Climate Change in 2016.

## Doklam and Sakteng Border Disputes

With a population under 1 million, Bhutan is dwarfed by India and China (each 1.4 billion), and since the 1962 China-India border war, the two powers' periodic tensions have complicated Bhutan's external relations. China-India border tensions escalated in mid-2017, when China extended an unpaved road near Doklam, on the disputed border between China and Bhutan, high in the Himalayas. Indian military personnel subsequently moved to the border area, and a standoff ensued until a de-escalation of tensions two months later. Doklam is located in Bhutan-China-disputed territory north of the strategically vital Siliguri Corridor, which is 20 miles wide at its narrowest and links central India to its northeastern region. PRC control of the corridor could isolate 45 million Indians in an area the size of the United Kingdom. In 2020, China made a new claim to the Sakteng Wildlife Sanctuary (285 sq. mi.) in Bhutan's east; the sanctuary had not previously been considered disputed. Previous border talks between Bhutan and China have focused on disputed areas along Bhutan's northern and western borders with China. The 118<sup>th</sup> Congress introduced S.Res. 75, condemning PRC “provocations” in South Asia, and in part highlighting PRC expansion in Bhutanese territory.

Some observers claim that China has established new settlements on Bhutan's territory, and view China's encroachments as pressuring Bhutan to yield territory in Bhutan's west. These alleged, territorial infringements offer Beijing greater leverage in the case of a China-India conflict. Bhutan shares its eastern border with India's Arunachal Pradesh (AP) state, which China claims as “southern Tibet.” The United States recognizes the AP-China demarcation as an international border. In October 2021, Bhutan and China signed an agreement on a “three-step roadmap” to help expedite talks on boundary disputes. King Jigme Khesar Namgyel officially visited PM Modi in April 2023, when Modi confirmed India's commitment to resolve border tensions trilaterally.

## Other Security Concerns

Bhutan has experienced other security challenges. In the 1990s, Indian separatist militants (the United Liberation Front of Assam (ULFA) and others) established bases in southern Bhutan. After five rounds of talks with the militants failed, the National Assembly approved “Operation All Clear” in 2003 to remove the groups forcefully. The operation captured or killed 650 militants, including top ULFA leaders. Other security threats emerged prior to the 2008 election, as several bombs exploded in Thimphu and other districts. The United Revolutionary Front of Bhutan claimed responsibility for the bombings to highlight the rights of *Lhotshampa*.

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