

**CHINA-BHUTAN RELATIONS: CHALLENGES AND IMPLICATIONS
FOR INDIA**

**SYNOPSIS OF THE THESIS
THESIS SUBMITTED TO JADAVPUR UNIVERSITY
FOR THE AWARD OF THE DEGREE OF
DOCTOR OF PHILOSOPHY IN ARTS**

2023

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Synopsis of the Thesis

The world order is in transition. In the current geopolitical landscape, we are witnessing a shift towards a multi-polar world, marked by the emergence of several regional powers. China and India, as the two most influential countries in the South Asian region, play a significant role in shaping the evolving regional dynamics. As India and China seek to strike a balance between cooperation and contention in South Asia, their respective positions in the region are complicated by their many cross-border linkages with other neighbouring countries as well as their desire to exert more influence on these countries.

The smaller countries in South Asia will face a significant challenge as a result since they are more vulnerable to China and India's regional activities, policies, and strategic objectives. Bhutan is not an exception to this rule, since it had difficulties managing its relations with China and India. At first glance, Bhutan does not appear to be a country that would attract the attention of regional powers. The reason for this interest is not Bhutan's untapped mineral resources or a large consumer base, but Bhutan's geographical location. Bhutan, which only recently initiated its engagement with the global community (allowing television and internet access in 1999), is now embroiled in a high-stakes diplomatic conflict between India and China.

The centrepiece of this issue is territory. Beijing has laid claim to 764 square kilometres within Bhutan. The disputed area in the western sector where China is particularly interested is the Doklam plateau. The importance of the tri-junction can be understood from the Doklam standoff, which took place in 2017. India's recognition of Bhutan's sovereignty and territorial integrity, in contrast to China, has greatly influenced Bhutan's foreign policy towards China.

However, at present the public perception is changing in Bhutan. The internal transformations within Bhutan, including its successful transition to democracy in 2008, have significantly influenced public opinion within the country.

In recent times, Bhutan has shown a growing inclination towards fostering closer relations with China. The proliferation of social media and television has heightened public awareness regarding the robust economic ties between China and South Asian countries, notably India. There have been some challenges in the relationship between India and Bhutan, and in the backdrop is the China factor. The issues between India and Bhutan have always existed; however, they have now gained more attention as a result of China. Though not known to many, Bhutan's engagement with Singapore has increased tremendously. Bhutan has been particularly fascinated with the Singaporean model of development and wishes to implement it in its country. Together, the two countries are attempting to overhaul all facets of Bhutan's public services, including the civil service and educational system. Initiatives are being made to improve the skills and capabilities of public servants, educators, and other professionals. While Singapore can emerge as a potential challenge for India and Bhutan relations, China is already a major cause of concern in India and Bhutan relations. The study therefore attempts to understand the growing relationship between China and Bhutan, the emerging politico-security discourse within Bhutan, and the various foreign policy options that may have an impact on India.

Scope of the Study

The scope of the study is limited to understanding the growing China and Bhutan relations, the emerging politico-security discourse within Bhutan, and the various foreign policy options that may have an impact on India. This study is relevant because Bhutan is facing several changes in the 21st century, both

domestically and externally. This process of domestic and external changes in Bhutan might become more complex with the changing dynamics in the region. A thorough examination of the relationship between India and China is beyond the scope of the thesis, even though China's ascent to dominance in the world has been a subject of discussion for many years. The focus is on China and India's engagement with Bhutan. I have briefly touched upon India and China's relationship in order to understand Bhutan's relationship with its neighbours. Due to the language barrier, I was unable to study Chinese sources, but the majority of the relevant literature has been published by Chinese scholars in English. The press releases and remarks issued by government authorities are also available in English. The research aims to make a comprehensive study of China-Bhutan relations by understanding the various factors that shape their relationship. Some of these factors have developed into major obstacles, whereas others have been the reason for the increase in interactions between the two countries. The study also concerns itself with the boundary dispute, the Doklam standoff, the Chinese and Indian motives, the strategies adopted by the three countries, and the developments in the bilateral relationship post-Doklam standoff. Moreover, as most of the scholars focus on developing a strategy to counter China, it is important to understand that Bhutan is likely to face several challenges as well as opportunities when it comes to engaging with China. As a result, the study focuses on the dynamics of India and Bhutan relations, the challenges faced by them in the present context, and the challenges and opportunities that Bhutan is likely to face while developing its relationship with China. Here, attempts have been made to examine the prospects in India and Bhutan relations and the policy options for India.

Rationale of the Study

From India's perspective, China's growing presence does raise security challenges. While India should certainly consider the evolving dynamics in its

neighbourhood, including China's increasing influence, it should not allow this factor to dictate its foreign policy decisions. Countering China is essential for achieving India's strategic objectives in the region; however, it should engage with its neighbours based on a well-thought-out, and balanced approach that prioritises cooperation, peace, and the well-being of all parties concerned. In order to effectively address these challenges, India must develop a long-term strategic, economic, and diplomatic perspective. It is essential to explore and analyse the political and security discussions and narratives within Bhutan. This will help India balance its strategic interests and foster an independent and mutually beneficial relationship with Bhutan. In this context, conducting a thorough examination of the progression of China-Bhutan relations, encompassing the 24 rounds of border negotiations, holds significant importance. Such a study is not only valuable for comprehending the intricacies of China-Bhutan ties but also for gaining a deeper insight into the wider implications for regional dynamics, notably concerning India. While it is essential to explore Chinese influence in India-Bhutan relations, it is equally crucial to comprehend the reciprocal impact of India's role on the China-Bhutan relationship. This holistic perspective is essential for a comprehensive analysis of regional dynamics. While the India factor is an important factor determining Bhutan's relationship with China, it is important to emphasise that it is not the only factor. There are several other factors, such as the cultural identity, territorial integrity, and sovereignty of Bhutan. Furthermore, South Asia and Tibet have also played an instrumental role in determining the China-Bhutan relationship. The study therefore attempts to understand the growing relationship between China and Bhutan, the emerging politico-security discourse within Bhutan, and the various foreign policy options that may have an impact on India. Addressing the grievances of Bhutan requires a sensitive and balanced approach that respects Bhutan's sovereignty while also acknowledging the complex geopolitical realities. Against this backdrop, this

thesis raises certain questions and attempts to find answers by studying the nature and content of both China's and India's engagement with Bhutan.

Research Methodology

The study is a combination of both qualitative and quantitative research methods. A combination of discourse and content analysis has been used in the study. This method has been used as a technique to review and analyse secondary data sources, which include books, academic journals, newspaper articles, Bhutan's National Assembly debates, and government reports. The study uses the historical analytical method as well. For the purpose of data collection, several interviews were conducted to understand the subject in detail. A field visit to China was initially decided to be conducted. However, due to the COVID-19 outbreak and the ongoing travel restrictions, it was difficult to make the visit. It was then decided that a field visit to New Delhi and Bhutan would be conducted. A field visit was conducted to New Delhi to mostly visit libraries and have discussions with scholars and experts who have studied China, Bhutan, and India. During this field visit, libraries like the Manohar Parikkar Institute for Defence Studies and Analyses, the Institute of Chinese Studies, the Observer Research Foundation, the Research and Information System for Developing Countries, and the Indian Council of World Affairs were accessed. Interviews were conducted with a few scholars from the Manohar Parikkar Institute for Defence Studies and Analyses, the Institute of Chinese Studies and the Observer Research Foundation. A field visit to Bhutan was conducted in order to interview scholars and experts of the Centre of Bhutan Studies and the Royal Institute of Management for Growth and Development, Thimphu. Open-ended discussions with Bhutanese civil servants and even locals were conducted. In addition, a field visit to Norbuling Rigter College in Paro, Bhutan, was made to engage with experts on China, Bhutan, and India. Interactions with the students

of Political Science and Sociology during my lecture on “India-Bhutan relations” helped me get an understanding of the shifting perspectives of the youth. Telephonic interviews with professors of Jawaharlal Nehru University, an expert from the Centre of Excellence for Himalayan Studies (Shiv Nadar University, New Delhi), a representative of Bhutan’s Chamber of Commerce and Industry, Bhutan’s local business stakeholder, and the former Editor of Reporters Club Nepal were also conducted. Libraries in Kolkata and online repositories have also been used to access secondary sources.

Chapter Content

This thesis consists of an Introduction, five main Chapters, and a Conclusion, followed by a section on select bibliography.

The introduction deals with a brief background to the study. It focuses on the statement of the problem, review of literature, research gap, rationale, scope of the study, research questions, and research methodology.

The first Chapter titled ‘China-Bhutan Relations’ examines China-Bhutan relations based on factors such as cultural identity, territorial integrity, sovereignty, and economic needs of Bhutan. The role and importance of India and Tibet in China and Bhutan relations have also been covered in this Chapter. The Chapter has been divided into two broad sections. The first part covers relations between China and Bhutan up to 1949, while the second part covers relations post-1949. The first part of the Chapter deals with the economic, cultural, and political similarities and complexities in the relationship between China and Bhutan through Tibet. The second part of the Chapter assesses the Chinese and Bhutanese policies, the reasons that led China to adopt such a policy, and how Bhutan over the years has responded to Chinese policies.

In the second Chapter titled 'India-Bhutan: Political and Economic Relations' the development of political and economic interactions between India and Bhutan has been thoroughly examined. The first part focuses on India-Bhutan relations before 1947, and the second part focuses on relations post-1947. An assessment of the treaties signed between the two countries and their effects on the relationship as a whole has been conducted. In the second part, emphasis has been placed on the various sectors of cooperation, such as development, trade, connectivity, hydropower, and investment. In addition, other areas of cooperation such as security, civil aviation, education, culture, and digital cooperation have been analysed.

The third Chapter titled 'China-Bhutan Relations: Boundary Negotiations' focuses on China's territorial disputes with neighbouring countries and the different approaches adopted by China when it comes to settling territorial disputes. An examination of the 1890 Convention signed between Great Britain and China relating to Sikkim and Tibet has been made in order to understand the background of the border dispute between China and Bhutan. The Chapter then assesses the relevance of Chumbi Valley for India, China, and Bhutan. In the second part of the Chapter, a detailed analysis of the 24 rounds of boundary negotiation between China and Bhutan has been presented. The Chapter ends by discerning and analysing the several patterns in the relations between China and Bhutan.

The fourth Chapter titled 'Doklam Standoff: Developments in China-Bhutan-India Relations' mainly assesses China's Escalation Strategy in Bhutan. In the first part, an attempt has been made to review the various motives of China and India behind the standoff. The second part attempts to analyse the strategies used by China, India, and Bhutan during the standoff. The third part deals with the post-Doklam developments in China-India, India-Bhutan, and China-Bhutan

relations. Finally, the Chapter ends with the recent developments in the border issue between China and Bhutan.

The fifth Chapter titled 'China-Bhutan Relations: Challenges and Implications for India' focuses on the state of India and Bhutan relations and the challenges faced by both countries. In the second part of the Chapter, emphasis has been laid on the challenges and implications for India. Finally, the Chapter ends with the challenges and opportunities Bhutan is likely to face with regard to developing relations with China, prospects for India and Bhutan relations and various policy options for India.

The conclusion brings together the understanding and findings gathered in the previous chapters. It attempts to answer the research questions posed in the introduction to the thesis and present the findings of the research.

Research Findings

The present study has attempted to respond to the research questions posed in the introductory chapter in the following manner:

1. What are the different factors that shape China and Bhutan relations?

Cultural Identity: The preservation of cultural identity has been an essential component of well-being in Bhutan (Gross National Happiness) since the 1970s. After Tibet was annexed, a large-scale migration of Tibetan refugees left Bhutan in a precarious situation. In 1973, Bhutan changed its initial policy of being sympathetic to the cause of the Tibetan refugees to presenting them with the option of either accepting Bhutanese citizenship or leaving the country. The first reason for this change was that both Tibetan refugees and Bhutanese

allegiances towards the Monarch and the Dalai Lama were at different levels. Secondly, the Tibetan refugees were suspected of creating problems for Bhutan in its internal affairs. While China does not want the Tibetans to use Bhutan as a base for conducting anti-China activities, Bhutan considers the Tibetan refugees a threat to its cultural identity. So, although Bhutan's policy towards Tibetan refugees wasn't designed to appease China, it aligns, to some extent, with Chinese objectives.

Territorial Integrity and Sovereignty: Bhutan has always been sensitive about its territorial integrity and sovereignty. In the 1960s, Bhutan distanced itself from China as developments in Tibet posed a threat to Bhutan's security. It turned towards India, which appeared to be more friendly and reliable. Even though India and China are geographically close to Bhutan and have stronger military capabilities capable of launching offensives, Bhutan's choice to align with India instead of China primarily stemmed from concerns about China's offensive intentions, as Bhutan has consistently harboured suspicions about China's motives. This factor has had a considerable influence on the dynamics of the relationship between China and Bhutan.

India: The India factor is undeniably the most significant factor that has shaped the relationship between China and Bhutan. India's stance of acknowledging Bhutan as a sovereign and independent nation, contrary to Chinese claims, had a pivotal influence on the formulation of Bhutan's foreign policy. Bhutan therefore tilted towards India for its security needs and economic assistance. After the 1960s, China gave up its strategy of using coercive measures and instead showed an interest in developing relations with Bhutan. However, China encountered a challenge in the boundary negotiations due to India's unique ties with Bhutan. Bhutan had to invoke Article II of the 1949 Indo-Bhutan Treaty, which stipulated that the Bhutanese government would follow the guidance of the Indian government in matters of its foreign affairs. Consequently, the

resolution of Bhutan's border concerns was to be handled by India. Only after the relationship between India and China began to normalise in the middle of the 1970s were boundary talks between China and Bhutan initiated. Even today, India continues to have a considerable amount of influence in Bhutan's bilateral boundary negotiations with China. India thus occupies a significant strategic space in the relationship between China and Bhutan.

Economic Needs: China's proposal to revitalise the historic Southern Silk Route, aiming to establish connections between its Sichuan and Yunnan provinces and the countries of South Asia can benefit Bhutan. In ancient times, Bhutan played a significant role in this long-distance network, most notably in the movement of tea, salt, musk, wool, spices, silk, pearls, metals, etc. Up until the 1960s, Bhutan served as one of the most efficient trade routes for Tibetan trade with Bengal and Assam. After the 1960s, Bhutan's concerns over its security and territorial integrity forced it to close its borders with Tibet. Following this, a whole new trade pattern emerged for the Bhutanese, with access to India both in terms of market and source of supply. For some time, it seemed like reopening trade connections with Tibet would have a limited impact on Bhutan's trade system. However, in the present context, with China's "Western Development Strategy," Tibet can potentially regain a significant position in the Himalayan region, offering economic advantages to both China and Bhutan. Furthermore, China is actively working on various railway connectivity projects leading up to the Bhutanese border, aimed at facilitating increased cross-border trade and tourism between the two countries in the future. In the broader geopolitical context, Bhutan stands out as the missing piece in Beijing's South Asia Strategy. Notably, as the sole country in India's vicinity that has not participated in China's Belt and Road Initiative (BRI), Bhutan holds the potential to serve as a crucial link in advancing China's interests in South Asia. Consequently, China's regional interests have played a pivotal role in shaping its policy towards Bhutan. As

for Bhutan, Initially, its foreign policy was primarily driven by the imperative of survival in the face of geopolitical constraints. Security considerations played a pivotal role in shaping Bhutan's approach towards China during the 1950s and 1960s. In subsequent phases, economic requirements have predominantly steered Bhutan's foreign policy decisions. This explains Bhutan's foreign policy shift post-1970s when the focus was on diversifying its relations beyond India. Bhutan's foreign policy is therefore motivated by economic demands when risks to national security and sovereignty are minimal. Therefore, while economic considerations have been a significant factor influencing Bhutan's foreign policy towards China, they have been taken into account in conjunction with other key factors, including cultural identity, territorial integrity, sovereignty, and the role of India.

Tibet: China is making preparations to address potential disturbances in Tibet related to the succession of the 14th Dalai Lama. The Chinese leaders are conscious of their precarious control over Tibet and the threat that a large-scale protest in Tibet could potentially challenge China's reputation as a nation with a robust socialist system. So, when it comes to Tibet, China is always insecure, as even in the past, resentment against the Chinese authorities has given rise to pro-independence demonstrations in Tibet. China emphasises that the security of the frontiers is vital for the security of the core; the defence of the frontier can be ensured through its development; and the security of the frontier can be ensured by establishing friendly relations with the neighbours. Bhutan becomes important for China, as it does not want Bhutan to become a base for Tibetan separatists to conduct anti-China activities. Therefore, China wants to transfer Tibet's former buffer frontiers to Bhutan and Nepal. Tibetan issue has thus had a significant impact on the relationship between China and Bhutan.

2. How has the nature and magnitude of China-Bhutan engagement changed over the years?

China's approach to Bhutan before the 1960s was based on its "Five Finger and Palm Policy." As per this policy, Tibet served as the palm, and Ladakh, Nepal, Sikkim, Bhutan, and Arunachal Pradesh made up the five fingers. Long before the 1900s, China was claiming Bhutan to be the southern entrance to the Chinese Empire. Bhutan, according to China, was subordinate to the Tibetan administration and, as a result, the Qing dynasty in China. However, post-1960s, China adopted a conciliatory approach towards Bhutan when it began to show its interest in resolving its boundary dispute with Bhutan by engaging in a bilateral negotiation. China also made several attempts at offering economic assistance to Bhutan. As for Bhutan, before the 1970s, its policy towards China had been a *Strategy of Defiance*. Under this strategy, Bhutan avoided contact with its northern neighbour primarily because of security concerns. Since the 1970s, the process of establishing formal contact between China and Bhutan has been cautious and gradual. Bhutan shifted from its Strategy of Defiance to the *Strategy of Limited Engagement*. Contacts at various levels between China and Bhutan have increased since the 1970s. The cultural, religious, and sports exchanges, as well as participation in regional and international meetings covering topics such as security, hydropower development, tourism, and health. Bhutan has consistently supported China in United Nations Human Rights Council (UNHRC) meetings and opposed Taiwan's participation motion in UN and World Health Organisation (WHO) affairs, including hosting the 2002 Asian Games. Although Bhutan's economic engagement with China is limited, an analysis of trade statistics data between the two countries from 2017 to 2021 shows that there has been an increase in economic engagement with China. As of 2022, China is the second-largest exporter to Bhutan after India. While

China's exports to Bhutan have been increasing rapidly, Bhutan's exports to China have been increasing at a slower pace. However, in 2021, Bhutan's exports to China increased tremendously, making China the fifth-largest export destination for its products. This shows that Bhutan's interest in economically engaging with China is increasing. There are currently no confirmed official reports of Chinese investments being made in Bhutan. The first and only investment, as per the available official sources, has been in the realm of religion. A 169-foot gold-plated bronze statue of Buddha was built in Thimphu with funding provided by Aerosun Corporation, a significant equipment manufacturing company based in Nanjing, China.

When it comes to boundary negotiations, China has used its *Delaying, Escalation and Cooperation Strategies* to normalise its territorial ambitions in Bhutan. Before the 1960s, China created a dispute through cartographic aggression (Delaying Strategy); in the 1960s, China began claiming the territories by making incursions (Escalation Strategy); and in the 1970s, China proposed to settle the question of the disputed territory. In the 1990s, China offered a "package deal" during the seventh round of boundary negotiation (Cooperation Strategy). However, at present, China is making attempts to change the status quo through incursions and construction activities in the disputed areas to create constant pressure on Bhutan for an early resolution of the border dispute. Simultaneously, there has been significant progress in the boundary negotiations. Both parties have agreed to a Memorandum of Understanding (MOU), a "Three-Step Roadmap," to hasten the resolution of the boundary issue. In addition, the 11th, 12th, and 13th Expert Group Meetings between China and Bhutan were all conducted within a year, separated only by months (Cooperation and Escalation Strategies). Thus, in recent times, China has been applying a mixture of Cooperation and Escalation to pursue its territorial and geopolitical interests in Bhutan.

3. What are the opportunities and challenges Bhutan is likely to face with regard to developing relations with China?

First, developing relations with China would give Bhutan more room for diplomatic manoeuvring. This will help Bhutan avoid overreliance on any one country and provide more options for diplomatic engagement. Bhutan will then be able to balance both India and China. However, unlike Nepal, Bhutan ought to be able to maintain the balance. Bhutan's establishment of diplomatic ties with China would have a significant impact on the dynamics of relations between India and Bhutan. This would be one of the biggest challenges for Bhutan, as India holds significant importance for Bhutan due to historical, geographical, economic, and strategic reasons.

Second, sovereignty and territorial integrity are of paramount importance to Bhutan due to historical, cultural, and geopolitical factors. Resolving its border disputes with China is a prerequisite to developing relations with China. Moreover, it will contribute to peace and security by allowing Bhutan to maintain control over its borders and internal affairs. This will prevent incidents similar to those in Doklam. However, even if the border negotiations are successfully concluded, problems will remain, which will require constant negotiation and dialogue with Beijing. Issues such as Chinese army intrusions, road construction activities, and Tibetan herders' intrusions for grazing and the collection of medicinal plants are likely to persist even after an agreement is reached. In addition, developing relations with China would mean having an increasing influence on domestic politics, as demonstrated by the instance of Nepal.

Third, Bhutan places a strong emphasis on preserving its unique culture and tradition, including its form of Buddhism. Growing ties will result in more cultural interactions between the two countries. Different customs and rituals

are observed in China and Bhutan; therefore, while these exchanges provide an opportunity for individuals to acquire a more profound appreciation of the diversity inherent in Buddhism, they can also create potential challenges if the different traditions and beliefs are not mutually respected.

Fourth, cultural exchanges have the potential to boost tourism, which is a vital source of revenue for Bhutan. Tourism is a major contributor to the country's economy, and strengthening relations with China could lead to a surge in Chinese tourists visiting Bhutan. China is already second after the United States in the list of the top ten source markets for foreign travellers to Bhutan from 2007 to 2018. Additionally, at a time when unemployment is starting to be a concern due to a lack of job opportunities in the public and private sectors, the tourism industry can help create jobs. However, tourism has already had a significant negative influence on Bhutan's ecology and culture. Additionally, an increase in Chinese tourists could create more difficulties for Bhutan. It can lead to a situation that could harm the country's environment and its rich and distinctive culture, both of which are key components of its general well-being (GNH).

Fifth, China is also an attractive source of investment. China can help Bhutan diversify its economy beyond hydropower. However, Chinese investments have come under criticism over the years for several reasons. Debt is the first and most evident reason. China has been accused of leading countries into a debt trap. Sri Lanka is one such recent example in India's immediate neighbourhood. Chinese investments come with their own terms and conditions; they bring in their own workers and equipment. Bhutan is already concerned about the expanding public debt, the rising unemployment rate, and the rising number of foreign workers. In this context, the government will likely face a number of challenges if China brings its own workers and equipment, as this could have an impact on Bhutan's economy, labour market, social structure, and overall

development. Another problem with Chinese investments is a lack of transparency. There is no reliable list of Belt and Road Initiative projects, no information on the lending criteria China follows, or even how much money China has invested. Lack of transparency can lead to problems such as corruption, mismanagement, and negative consequences for local communities.

Sixth, China's massive population and rising middle class present a vast consumer market for goods and services. Therefore, developing relations with China can provide Bhutan access to a market that can significantly increase its sales and revenue. China aims for Bhutan to serve as a gateway to South Asia, particularly through the revival of the centuries-old Southern Silk Route connecting Sichuan and Yunnan provinces with South Asian countries. This initiative will provide balanced regional growth by fostering prosperity in northwest Bhutan, which is relatively less developed than the southern parts of Bhutan. However, there are a number of difficulties brought on by the extensive import of Chinese goods. It might be difficult for Bhutanese domestic industries to compete with low-cost Chinese goods. This may result in employment losses and disruptions to Bhutan's economy. Moreover, Bhutan may be more vulnerable if it depends on Chinese supplies for essential items, as was seen during the COVID-19 pandemic.

4. Has the democratisation of Bhutan impacted its foreign policy?

In 2007, Bhutan shifted from being an absolute monarchy to adopting a constitutional democracy. Bhutan has conducted three elections in which the people have voted for three different political parties to power. Even though all three governments have concentrated on the same goals, there are differences in their perspectives and strategies. For instance, the first Prime Minister, Jigme Thinley, notably expanded Bhutan's diplomatic engagements, forging connections with various countries. He also made endeavours to establish

diplomatic relations with China. He engaged with China's Premier, Wen Jiabao, during the 2012 UN Conference in Rio de Janeiro. In their meeting, both leaders worked towards strengthening bilateral and economic relations. China and Bhutan jointly resolved to boost economic collaboration, promote people-to-people contacts, and facilitate cultural exchanges.

However, the idea of establishing diplomatic ties with China was rejected by the second Prime Minister, Tshering Tobgay, who instead focused on sub-regional connectivity with members of the Bay of Bengal Initiative for Multi-Sectoral Economic Cooperation (BIMSTEC), the South Asian Association for Regional Cooperation (SAARC), and India. The focus of the current Prime Minister, Lotay Tshering, has been on connectivity and investments. However, he has demonstrated a desire for a speedy resolution of the border conflict with China, as was indicated during his interview with the Belgian Daily in March 2023 when he said, "Boundaries could be demarcated within the next one or two meetings." He has been able to strengthen Bhutan's relationship with China as a result of the signing of an MOU and holding multiple Expert Group Meetings.

Bhutan's democracy has currently matured due to the diversification of its diplomatic ties. This has given Bhutan political, economic, and security guarantees. Bhutan maintains diplomatic ties with 54 countries, with Israel being the newest as of 2020. Since the emergence of democracy, foreign policy decisions, negotiations, and agreements have often been the subject of public scrutiny. Democratisation has allowed Bhutanese citizens to discuss national concerns, and even the print media, which previously refrained from sharply criticising the government, has begun to raise critical issues. The transition has brought about greater media independence and freedom of expression. This has allowed the media outlets to express a wider range of views without interference from the government, including criticisms of India. Some Bhutanese newspapers openly questioned India's involvement in the Doklam standoff in 2017.

This marked a departure from the usual tone of Bhutan's media, which had historically maintained a largely positive view of India. Public opinion naturally plays a significant role in a democracy. Consequently, it affects a country's foreign policy. The influence of the King remains substantial in shaping Bhutan's foreign policy, although this dynamic may shift as democratic institutions further develop over time. In the future, Bhutan's foreign policy could become more attuned to domestic requirements and prioritise the well-being of its citizens.

Bhutan has also increased its participation in international organisations and forums. It has become more active on global platforms, contributing to issues like climate change, sustainable development, and human rights. Democracy has allowed Bhutan to engage more actively in international trade and economic relations. This has helped it reduce its reliance on India. So far, democracy has not had a significant impact on Bhutan's relations with China. Bhutan has continued with its policy of limited engagement with China, although the engagement has been increasing rapidly. Bhutan maintains a policy of limited diplomatic engagement, preferring to maintain friendly relations and engage in diplomacy on a case-to-case basis rather than establishing formal diplomatic missions in numerous countries. So far, the fundamental tenant of Bhutan's foreign policy with India has remained the same, as India still accords a "special status" to Bhutan. However, if Bhutanese concerns are not addressed effectively, this may change in the years to come.

5. In the context of increasing Chinese influence in Bhutan, what are the challenges and policy options for India?

Challenges for India: Bhutan's eagerness to demarcate its border with China mirrors its aspiration to function as an independent entity actively fostering constructive relationships with various regional and global powers. Acceptance of the Chinese deal would have profound implications for the Himalayan region. One of the biggest emerging security challenges for India is China's initiative to construct railways and roadways across the entire Himalayan range to revive the old Southern Silk Route to link the provinces of Sichuan and Yunnan with South Asian nations. China is currently focused on the development of its western and eastern regions. As a part of this endeavour, China is investing heavily in infrastructure development in Tibet, including road networks, railways, and military installations. The increased infrastructure will enhance China's ability to build its PLA forces and logistics in Tibet at a much faster rate if applied against India. The 269 square km of Bhutanese territory in the western sector would give China the necessary strategic shoulders and space to operate more freely, which helps to explain why China is particularly interested in acquiring it. This poses a serious security threat for India.

First, China will gain proximity to India's northeast, and the Siliguri Corridor, a critical connection between India and its tumultuous northeastern region, is of paramount importance to India. The Chumbi Valley and Doklam, where China has a major presence, are near the Siliguri Corridor. By moving forward merely 130 kilometres, the Chinese military can cut off Bhutan, West Bengal, and the Indian states in the northeast. Second, India and Bhutan suspect that the anti-India resurgent groups have regrouped themselves since Bhutan's 2003 "Operation All Clear." With the open borders with India and the proximity of eastern Bhutan to Tawang, the region can become prone to conflict. In this scenario, China may take advantage of the situation to work with rebel organisations hostile to India to destabilise India. As it stands, there are already allegations of China assisting the insurgent groups based in northeast India.

Third, China will draw nearer to the northern periphery of Bangladesh, as there is only a narrow strip of land separating Bangladesh and Bhutan. This is especially concerning given that China smuggles illegal weapons from its Yunnan province through Bangladesh and Myanmar to India's northeast. Fourth, China will be closer to Sikkim. Due to the Tibetan question, Sikkim is of importance to China because of its sizable Tibetan population. The Buddhist followers in Sikkim have strong cultural ties with the Tibetan Autonomous Region (TAR). Several voices in China support Sikkim's independence. China could stoke unrest and support anti-India elements in Sikkim if it moves closer to Bhutan. Therefore, the most significant security concern for India would be the resolution of the border dispute, as it would render India's Siliguri Corridor strategically exposed.

Policy Options for India: When dealing with Thimphu, New Delhi needs to be more considerate and responsive. India must take into account the social and political changes occurring in Bhutan. India needs to review its policy to ensure that all projects and investments in Bhutan are mutually beneficial. A balanced and sustainable economic strategy would give Bhutan better access to markets, better connectivity, and the chance to benefit from India's growth model. India needs to address Bhutan's concerns in the hydropower sector. A comprehensive evaluation of the environmental and social impact of the projects must be made necessary, and the evaluation results must be made available to the public before the two governments approve hydropower projects. Involving the local communities in the decision-making process of hydropower projects can help address concerns related to environmental impacts. India can provide training and capacity-building programmes for Bhutanese professionals in the field of hydropower management, maintenance, and operation.

Moreover, the growth of industries in Bhutan apart from hydropower has been peripheral. China is unlikely to enter the Bhutanese market in a significant way

if India offers lucrative investments to provide an impetus for the growth of local businesses in Bhutan. Here, India and Bhutan can work together to explore newer areas of bilateral cooperation. Economic cooperation between the two countries has largely been on a government-to-government level. More efforts need to be taken to enable economic cooperation at the people-to-people level. India should consider measures to boost investments in Bhutan in a way that benefits both countries reciprocally. Most of India's investment has gone to the energy sector (hydropower), primarily. Other sectors such as tourism, horticulture, renewable energy (solar, wind, and hydrogen), ICT, the stock market, textiles, herbal products (pharmaceuticals and cosmetics), organic products, river boulders, mining, and industry in Bhutan also have very bright prospects for growth. Collaborations in these fields will give Bhutan an opportunity to create jobs for its disenchanting youth. Singapore is emerging as a major player in assisting Bhutan to expand its capabilities in a significant way. Singapore is a new entrant in Bhutan, whereas India has been a dominant player in Bhutan for over sixty years. India should use its long-standing relationship with Bhutan to work together to develop the skills of its disenchanting youth.

A policy framework to better facilitate trade between the two countries should be put in place. India needs to give Bhutan more market access. Additionally, as Bhutan has limited access to technology, technological transfers would foster growth, innovation, and efficiency in Bhutan. In order to ensure smooth transit, the two governments are currently working towards establishing an integrated check-post. India and Bhutan are also working on establishing the Kokrajhar-Gelephu rail link project. These two initiatives can facilitate smooth transit between the two countries. As a result, both countries should move quickly to accomplish both of these initiatives. Furthermore, India and Bhutan should work out the possibility of accessing the Chillahati-Haldibari railroad, as it is close to Samtse in Bhutan. The central and state governments in India need to collaborate and coordinate their efforts to meet the expectations and grievances

of Bhutan. This will help Bhutan improve its relations with its immediate neighbours, West Bengal and Assam, which is essential to facilitating trade connectivity between the two countries and even beyond Bangladesh and Nepal.

India and Bhutan can sign the Bilateral Investment Treaty (BIT) as it can improve the investment climate in Bhutan. India and Bhutan can establish clear dispute resolution mechanisms up until the BIT comes into effect in order to create a conducive business environment. However, India and Bhutan's relationship is based on sentiments, so simply signing an agreement will not be sufficient. Both parties need to ensure that the treaty is applied effectively and that grievances are promptly resolved while keeping mutual interests in mind.

India can use Buddhism as a “strategic tool” to counter Chinese soft power in the region in general and Bhutan in particular. India has neglected Bhutan in its plan to establish a “Buddhist Circuit” connecting Nepal with the different states of India. India should include Bhutan in its “Buddhist Circuit.” There is a need to provide proper information to all relevant stakeholders regarding regional connectivity. It is important to safeguard the safety of Bhutanese drivers travelling across Indian territory. India should be mindful in light of the rising public sentiment in Bhutan, particularly concerning the location of IMTRAT in Thimphu. India should exercise caution during the selection of projects and their location because this could affect bilateral ties.

China has continued its overt road and airfield construction efforts on their side of the border, posing a constant threat to the Siliguri Corridor. Bhutan's contribution to safeguarding India's security in this situation is crucial. India's first option is to designate alternative routes for transport to and from the northeast during a military conflict and even in peacetime. This will help India reduce its dependence on the Siliguri Corridor. India has already started moving in this direction. One such project is the Kaladan Multimodal Transit Project.

Another initiative being undertaken by the Indian government is the construction of a rail route connecting West Bengal to Meghalaya via Bangladesh. India should work towards completing these infrastructural projects on time in order to reduce dependence on the Siliguri Corridor.

In addition, the Indian government should push for the development of the 4-kilometre Tetulia corridor, which would connect West Bengal and Bangladesh. This corridor will reduce the travel length by over 85 kilometres, cutting down transportation costs significantly. Other options, such as air corridors and underground railroad tunnels with Bangladesh, should be explored. The Indian government can use Article VIII of the Trade Agreement of 1980 signed between India and Bangladesh to push for improving connectivity between the two countries. This treaty does not specifically mention the transit of military equipment; therefore, India and Bangladesh need to agree on the modalities of entering into a treaty in order to authorise the transit of military equipment during times of conflict. India has only signed bilateral electricity trading agreements with Nepal, Bangladesh, and Bhutan. Bangladesh, Bhutan, and Nepal have shown their interest in improving cross-border connectivity for energy. Therefore, to foster sub-regional cooperation and cross-border connectivity, the creation of an energy grid including the four countries is essential.

Thus, as China continues to develop and Bhutan seeks to preserve its sovereignty and independence, the China-Bhutan relationship is likely to become even more significant in the years to come. However, improving relations between China and Bhutan will require patience, goodwill, and a commitment to peaceful coexistence. Additionally, Bhutan's ties with India remain a significant factor in its foreign policy, and any engagement with China will be carried out with sensitivity to India's concerns and interests. Therefore, India must take into account the opinions and apprehensions of the local

population to avoid hindrances in the development of friendly relations between the two countries. India needs to adopt a balanced approach that takes into consideration Indian interests and Bhutanese concerns. As a result, managing perceptions should be a key component of India's approach towards Bhutan.