

Dragon's Shadow in Bhutan: What Does It Mean for India

Background

The Himalayan kingdom has always been India's historical ally. The relationship was further cemented with the 1949 Treaty of Friendship and Cooperation, as Bhutan regarded India as a trustworthy partner, with India guiding Bhutan's foreign and defence policy. As a state of 7,80,000 people, Bhutan was greatly influenced by India. With time, the bilateral relationship evolved, and Bhutan started perceiving India as a 'Big Brother' rather than an 'Elder Brother', which created a greater desire for autonomy in foreign policy. Meanwhile, China's influence also increased in the region. This led to the signing of Indian-Bhutan Friendship Treaty in 2007, allowing Bhutan to import arms and weapons from third countries, which do not harm India's interest, without India's permission.^[i]

Bhutan shares a border of 699 kms with India, securing its northern border and acting as a buffer state between New Delhi and Beijing.^[ii] China's growing assertiveness and intrusions into Bhutanese territory have become a concern for India. Beijing is altering the Himalayas' status quo threatening India's security. China claims areas of northern Bhutan—Jakarlung and Pasamlung—and the newly claimed Sakteng^[iii] in the east bordering Arunachal Pradesh (called Zangnan by China)^[iv], and Doklam in the west, a strategically critical area for India, due to its proximity with the Chicken Neck Corridor, connecting New Delhi with North East India. The same corridor was under threat during the Chinese intrusion into Doklam in 2017, which resulted in a 73-day-long standoff between Indian and Chinese military.

China's Intrusion

Official diplomatic relations between Thimphu and Beijing have not yet begun, but Bhutan's engagement with China has increased substantially. In 1996, Beijing offered to concede 495 square kms of Pasamlung and Jakarlung in exchange for Bhutan's 269 square kms of Doklam and the nearby areas of Sinchulung, Dramana, and Shakhatoe, bringing it closer to India's Siliguri Corridor. In 2001, when the exchange was almost finalised, it fell through after India convinced Bhutan of its security concerns. Bhutan's refusal to accept the swap deal prompted China to claim the Sakteng Wildlife Sanctuary, signalling the extent to which China could go. Beijing's actions in Bhutan are ultimately directed at India. In 2012, Bhutan's Prime Minister Thinley met with Chinese Premier Wen Jiabao in Rio de Janeiro.^[v] In Oct 2021, Bhutan and China signed an agreement on a three-step roadmap to accelerate the border demarcation process.^[vi] In Oct 2023, China's Foreign Minister Wang Yi met Bhutanese counterpart Dr Tandj Dorji.^[vii] Post 2016, both parties held the 25th round of border talks in Oct 2023, although some claim that Bhutan and China quietly held the 26th round of Bhutan-China talks in Thimphu in Aug 2024.^[viii]

China is constructing villages across the border into Bhutanese territory and populating them with Chinese settlers to assert its claim more strongly over the occupied land. Jiuluobu, established in 2016 as the first official village in Jakarlung, was later incorporated into the Border Xiaokang Village Initiative. Xiaokang, loosely translated as 'Moderate Prosperity', is marketed as part of China's welfare scheme aimed at eradicating poverty and improving villagers' living conditions by upgrading infrastructure related to mobility and healthcare. The Chinese Communist Party is leveraging these settlements to consolidate control over the region. It was first started in the early 1990s when China sent herders into disputed areas of

Bhutan.^[ix] As of Oct 2024, Beijing has created 22 such villages and settlements having around 752 residential blocks, housing inhabiting approximately 2,284 family-sized units, which are connected with China by road, but not accessible to Bhutan's urban centres^[x], acquiring 2 per cent of Bhutan's territory.^[xi]

Druk's reaction

For a long time, Bhutan has denied reports regarding Chinese intrusion. In 2023, Bhutan's Prime Minister (PM) Lotay Tshering told Belgian daily La Libre that there has been no intrusion from the Chinese side. His commentary was perceived by many as Bhutan transferring its land to China, creating nervousness in India.^[xii] Bhutan, caught in limbo between New Delhi and Beijing, shares a 'Special Relationship' with India. In 2017, Bhutan criticised China for constructing a road near Doka La pass toward the Bhutanese army camp at Zompelri. India prevented People's Liberation Army (PLA) engineers from continuing the project, triggering the Doklam stand-off. Bhutan also reaffirmed that the Doklam issue needs to be resolved by all three stakeholders.^[xiii] As Bhutan is caught between two giant Asian powers, it is walking on a thin rope to avoid upsetting either party. Though Bhutan is gaining economic leverage through Indo-Sino rivalry, it holds little agency in leading negotiations for being a small international power, making it difficult to strike the desired balance.

India finding new routes

Lt Gen Batoo Tshering, Chief Operations Officer of the Royal Bhutan Army, was on a six-day visit to India to meet Indian Army General, NSA, Foreign Secretary, and Defence Secretary.^[xiv] India has long maintained a friendly relationship with Bhutan. PM Modi visited Bhutan in Mar 2024 where he received the Order of the Druk Gyalpo, Bhutan's highest civilian decoration.^[xv] Bhutan's PM Tshering Tobgay reciprocated by visiting India in Mar 2024. It marked his first overseas visit after assuming office in Jan 2024. Bhutan's King Jigme Khesar Namgyel Wangchuck visited India in Dec 2024.^[xvi] Bilateral visits increased after China heightened its pressure tactics. India reiterated its support to Thimphu's 13th Five-year Plan, the Gelephu Mindfulness City Project, and the Punatshangchhu-II Hydro-Power Project. Since 1961, India has aided Bhutan's five-year plan and facilitated various infrastructure projects related to rail, road, and checkpoints.^[xvii] As a landlocked nation, India provides Bhutan with a gateway to maintain infrastructure and trade connectivity with other states. Thimphu's primary export is energy, with India importing most of it, supporting the kingdom's economy.^[xviii] Thimphu is also part of Bangladesh, Bhutan, India, and Nepal—BBIN—a sub-regional initiative that aims to improve trade and connectivity.^[xix]

India has put forward its concerns regarding the Chinese aggression in Bhutan and has supported the Kingdom on various occasions. China's swap arrangement is scary for India as a trade-off in the Doklam region. It could bring Chinese forces dangerously close to Indian territory. Bhutan's PM Tshering Tobgay recognised India's sensitivities and assured the latter at a diplomatic level that any agreement related to the border would not harm Indian interest, categorising Doklam as a trilateral issue.^[xx] A memorandum of understanding was inked in 2024 to establish two railway lines between India and Bhutan, Kokrajhar-Gelpehu, and Banarhat-Samtse to expand cooperation.^[xxi] India's 2025-26 budget is set to allocate INR 2,150 cr to Bhutan, India's largest foreign aid recipient.^[xxii]

India needs to accelerate the development of border infrastructure to establish a robust framework capable of supporting the rapid mobilisation of troops and resources during

emergencies. Simultaneously, deploying advanced surveillance systems is crucial to monitor the PLA's activities and pre-empt further incursions. New Delhi-funded projects in Bhutan will help strengthen trust among the Bhutanese, while the presence of Indian workers will enhance people-to-people ties. However, New Delhi is not solely relying on an appeasement policy toward Bhutan, as demonstrated in 2013 when India halted fuel subsidies in response to Thimphu's pro-China actions.

Conclusion

For a long time, India paid little attention to its neighbours, except for Pakistan, as New Delhi believed that its smaller neighbours lacked the capacity to threaten Indian interests. Their limitations also made them unattractive to major powers. However, with China expanding its influence in India's neighbourhood, New Delhi is gradually losing its strategic hold in the region, compelling it to give greater attention to Bhutan. India's engagement with its northern neighbours is influenced by China, as Beijing affects how India's relationship with its neighbours will be structured.^[xxiii] Balance of power in the region is based on India's capability in countering China's growing clout not only in Bhutan but also in Nepal, Pakistan, Afghanistan, and the Indo-Pacific.

Endnotes

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