

# BHUTAN AND CHINA RELATIONS: IT'S IMPACT ON INDIA

INDRANI TALUKDAR

China is willing to resolve the border issue with Bhutan. It is an important issue that needs to be addressed by India. With India, China has never been transparent and as forthcoming regarding the border issues as they are with Bhutan. One, therefore, needs to ponder the reason behind China's decision. What is there in Bhutan for which China is willing to walk those miles? The answer towards this could be varied and related to some relevant geo-strategic issues.

First, resolving the border issue with this land of Thunder Dragon<sup>1</sup> means encircling India from the eastern Himalayas. One can argue that in modern times and with the changing face of warfare, which has shifted from conventional to unconventional and hybrid warfare, China's attack on India in terms of conventional terms is imaginary. However, one cannot predict the future with absolute certainty. If one sees the geographical location of Bhutan, then it is easy to perceive how possible it is for China to gain access if it so decides to invade India's territory with its military. This article contemplates on the relationship between Bhutan and China and India's position from a historical perspective. It also tries to analyse the reason behind this relationship and provides some cautious overview for India to ponder.

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**Indrani Talukdar** is a Research Associate at the Centre for the Air Power Studies, New Delhi.

1. "History of Bhutan", <http://motherearthtravel.com/bhutan/history.htm> accessed on November 6, 2012.

**If you are coastal, you serve the world; if you are landlocked, you serve your neighbours**

## **BHUTAN'S LANDLOCKED LOCATION AND ITS RELATION WITH INDIA**

Bhutan's geographic location of 38, 394 sq. km<sup>2</sup> is between, India and China where China lies in its north and India's north eastern part in Bhutan's south. One can say that with globalisation and liberalisation, all countries are connected to each other; therefore, relation between Bhutan and China should not an issue. However, one should not ignore certain developing aspects with their intricacies when it comes to these two countries in close vicinity to India. For Bhutan, though a small country, security has been a key aspect which has played an important role in determining its foreign policy. With the new young king of Bhutan, Jigme Khesar Namgyel Wangchuck, a well educated person with good understanding of political science, international relations and economics, it may not be unusual for the ruler to poise with a favourable stance with China.

Bhutan is a landlocked country. In general view, being a landlocked country, which earlier was seen as a disadvantage, has proved to be an advantage. In fact, Paul Collier in his book *The Bottom Billion* has observed that "If you are coastal, you serve the world; if you are landlocked, you serve your neighbors." Hence, being landlocked may actually be a blessing as it creates a 'natural tariff barrier' which protects the country from cheap imports. Bhutan, with this perspective may have been dependent on India till now for its economic growth but then seen from another perspective this has also been favourable for India as well.

The relationship between India and Bhutan has always been constructive. Between both the countries free trade regime exists. India has been the biggest market for Bhutan's products. Almost 94 per cent of total Bhutanese exports are to India and 78% of total imports are from India. India has been the largest donor of external aid to Bhutan and its main development

2. Bhutan shares 470 km of border with China and 605 km of border with India. Like other South Asian countries, Bhutan is also a multi-ethnic and multi-religious country. Mathew Joseph C., "China-South Asia Strategic Engagements: Bhutan-China Relations", *Institute of South Asian Studies (ISAS)* , Vol no.157, August 23, 2012, pp.1-18.

partners. Presently, the Indian government is involved in many Bhutanese Projects including hydropower plants, cement industry and roadways. 40 per cent of the external revenue that Bhutan gets is presently from the sale of electricity to India.<sup>3</sup> This is a huge incentive being put forward by both the country. It is because when India had achieved its independence, Bhutan was initially wary of India's intentions. However, after the Chinese occupation of Tibet in 1950 and following the Chinese action of 1958-59 it slowly realised that it needed to come out of isolation for its own survival. India has always ensured that every neighbouring country enjoys the much needed sense of security and sovereignty. This aspect has been witnessed Bangladesh in 1971. In 1958-59 Bhutan could maintain its territorial integrity with India's support though there was no provision in the treaty of 1949 for the defence of Bhutan by India.

**Bhutan's quest for an international role does not contradict with the provision of Article 2 of the 1949 Treaty**

Since then, Bhutan has tried to assert its sovereign existence at every forum. To this, India has made it clear that Bhutan's quest for an international role does not contradict with the provision of Article 2 of the 1949 Treaty. Its international journey had begun with becoming a member of the Colombo Plan in 1963. In fact, Bhutan's membership of the Colombo Plan was sponsored by India. Bhutan said that its admission to the Colombo Plan had considerable bearing on its sovereign and modern status and registered its first entry into a regional group of sovereign states.<sup>4</sup> Therefore, it would be apt to say that if today Bhutan enjoys a strong status and is gearing up to play a role in the international relations then the credit lies in India's policies towards it. Bhutan through its trade relations with India strengthened its hold and opened its country for further international trade over a period of time.

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3. "Indo-Bhutan Relations", NRI Legal Services, [http://www.nrilegalservices.com/indo\\_bhutan.aspx](http://www.nrilegalservices.com/indo_bhutan.aspx) accessed on November 7, 2012 accessed on Oct 08, 2012.

4. Padmaja Murthy, "Indo-Bhutan Relations: Serving Mutual Interests", IDSA, <http://www.idsa-india.org/an-apr9-8.html> accessed on November 7, 2012.

**China is willing to establish formal relations with Bhutan, resolve the border issue between the two nations at an early date, strengthen exchanges in all areas and advance Sino-Bhutanese relations to a new stage**

**RECENT DEVELOPMENTS: BHUTAN-CHINA**

Chinese Premier Wen Jiabao who met Bhutanese Prime Minister Lyonchhen Jigmi Y. Thinley on 21<sup>st</sup> June 2012 at the sidelines of the Rio summit said that “China is willing to establish formal relations<sup>5</sup> with Bhutan, resolve the border issue between the two nations at an early date, strengthen exchanges in all areas and advance Sino-Bhutanese relations to a new stage.” He also said that China appreciated Bhutan’s support for the “one China policy” which maintains that Taiwan and Tibet fall under China’s sovereignty.

Bhutan, which enjoys close diplomatic, political and military relations with India, has in recent years begun to widen its diplomatic engagement, establishing relations with another country in the region, Myanmar, earlier in 2012. Bhutan also has diplomatic ties with Nepal, Bangladesh, Sri Lanka, Pakistan and the Maldives, but does not have formal relations with either the United States or the four other permanent members of the UN Security Council.<sup>6</sup> Both the leaders along with other issues relating to bilateral issues of mutual interest and multilateral cooperation also discussed Bhutan’s bid for a non permanent seat on UN Security Council for the term 2013-2014. Based on China’s five principles of peaceful coexistence<sup>7</sup>, Chinese Premier Wen had also expressed the willingness to open diplomatic ties with Bhutan.<sup>8</sup> The important point that needs to be noted is the statement of Premier Wen where he pointed out the reason for China’s willingness to complete border demarcation with Bhutan

5. The term formal carries a lot of weightage as Bhutan and China already have diplomatic relations and this be significant not only for both the countries but also for India.
6. Samuel Wade, “China, Bhutan Ready for Diplomatic Relations”, *China Digital Times*, June 22, 2012 <http://chinadigitaltimes.net/2012/06/china-bhutan-ready-diplomatic-relations/>, accessed on August 21 2012.
7. The Five Principles are: mutual respect for sovereignty and territorial integrity, mutual non-aggression, non-interference in each other’s internal affairs, equality and mutual benefit, and peaceful coexistence.
8. Kuenzang Choden, “Prime Minister meets Chinese Premier Wen Jiabao”, *The Bhutanese*, June 22 2012, <http://www.thebhutanese.bt/prime-minister-meets-chinese-premier-wen-jiabao/> accessed on August 21 2012.

at an early date as China believes in a “foreign policy of good-neighborliness”<sup>9</sup>. Will China try to resolve any border issues with its neighbours without any vested interests? The solving issues with Central Asian countries have suggest that energy needs for China could be one of the reasons for such steps with these countries.

The importance of this meeting lies behind the stand of solving the border issue with Bhutan also rests on a few other associated issues. A Bhutan-China settlement would involve a decision on the strategic Chumbi valley tri-junction, which is of great importance to India, with its proximity to the “chicken’s neck” near Siliguri. Bhutan and China have several points of disagreement on the border stretching from Dhoklam in the west to the grazing grounds in the north. China wants hold on those grazing grounds in the west, closest to the Chumbi valley. This has cautioned India. India realising the importance has furthered assistance programme to Bhutan.<sup>10</sup> Bhutan has benefitted by becoming a hydropower exporter to India. India wants Bhutan to be able to export 10000 MW of power to India by 2020. Other economic aid programmes are also likely to be expedited. On the other side, China’s presence is increasing inside Bhutan. China, according to reports has plans to extend its railway network from Lhasa to Zangmu, as well as Shigatse and, it is also contemplated that it could to extend up to Yadong, at the opening of the Chumbi Valley.<sup>11</sup>

**A Bhutan-China settlement would involve a decision on the strategic Chumbi valley tri-junction, which is of great importance to India**

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India has placed high emphasis on Bhutan’s security because of its proximity to the Chumbi Valley, a tri-junction between Nepal and its long time

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9. Ibid.

10. It would be reasonable to assume that India is entirely not assisting Bhutan on the basis of security. India also understands its responsibility towards fulfilling the obligations contained in the provisions of the Treaty between the countries.

11. Indrani Bagchi & Josy Joseph, “Bhutan mulls opening diplomatic relations with China”, August 18 2012, *The Times of India*, available at [http://articles.timesofindia.indiatimes.com/2012-08-18/india/33261269\\_1\\_bhutanese-gross-national-happiness-bhutan-and-china](http://articles.timesofindia.indiatimes.com/2012-08-18/india/33261269_1_bhutanese-gross-national-happiness-bhutan-and-china) accessed on August 21 2012.

**The Chumbi valley is important to China also because of its shared borders with Tibet and Sikkim. For China, it has a strategic value**

rival China. Bhutan thus serves as a geostrategic buffer in India's northeastern frontier. India has a military base at Bhutan's Haa District and frequently assists in developing its indigenous defensive capabilities.<sup>12</sup> The importance of this valley is immense for India and seems to be equally so for China. The desire for a strong formal step in resolving the border issues with Bhutan indicates the importance of this valley. China claims approximately 300 square miles of Bhutanese territory, mainly in the Chumbi valley, the Torsa Nala, and some areas opposite Haa (western Bhutan) along with some grazing areas in the north.<sup>13</sup>

The Chumbi valley is important to China also because of its shared borders with Tibet and Sikkim. For China, it has a strategic value. It is pertinent to mention that Mao Ze Dong had defined Tibet as the palm which had five fingers -- Ladakh, Sikkim, Nepal, Bhutan and Arunachal Pradesh. Chinese interest in Chumbi valley primarily stems from three reasons. First, China gains proximity to India's North-East and Siliguri Corridor, which connects North-Eastern states to India and Nepal to Bhutan. Second, with access to Chumbi valley, China gets closer to Bangladesh's periphery in the North since only a narrow stretch of land divides Bangladesh from Bhutan. Third, analysts have already pointed out the two important north-south strategic corridors on either side of India — first, the trans-Karakoram corridor extending to Gwadar and second, the Irrawaddy Corridor linking Yunnan to Myanmar. Further, with well laid out road/railway infrastructure, China acquires advantage in military posturing. In fact, according to sources, six roads so far have been built by China near Bhutan's North and North-West areas.<sup>14</sup> When China gets better access in

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12. "Bhutan's Foreign Relations", July 10, 2012, <http://gofar.sg/bhutan/2012/07/bhutan-foreign-relations/> accessed on November 6, 2012.

13. Arun Sahgal, "Chinese inroads into Bhutan worry India", *South Asia Monitor*, October 30, 2012, <http://southasiamonitor.org/detail.php?type=n&nid=4176> accessed on November 6, 2012.

14. Medha Bisht, "Chumbi Valley: Economic Rationale but Strategic Resonance", *IDS Comment*, September 23, 2010, [http://www.idsa.in/idsacomments/ChumbiValleyEconomicRationalebutStrategicResonance\\_mbisht\\_230910](http://www.idsa.in/idsacomments/ChumbiValleyEconomicRationalebutStrategicResonance_mbisht_230910) accessed on November 6, 2012.

Tibet and Bhutan then it would potentially weaken India's position at any given point of time. Metaphorically, the 'Druk', or the mythical animal that symbolises Bhutan, is caught between two others, the 'Elephant' and the 'Dragon'. Bhutan would then have a tendency to follow what the Scandinavian analyst Erling Bjøl, while describing Finland's relations with the Soviet Union, had called the 'pilot-fish behaviour', that is 'keeping close to the shark to avoid being eaten'. As long as India was the only major protagonist to relate to, this could be done more easily.<sup>15</sup> China now poses a different picture for the future and it could become more challenging for India than it was before.

All the developments between Bhutan and China will have to be seen from the correct perspective. Of course, China will play its reiterated stand of peaceful existence and will also indicate economic factors as the governing reason. What would be required by India, besides strengthening diplomatic relations and economic growth of Bhutan, is the pace at which such issues are dealt with this country. There would be a definite requirement of being proactive in bilateral issues with Bhutan. This is necessary as China is promoting itself to become the largest trading partner with Bhutan as has been its strategy, be it in Asia or any other continent in the world.

Bhutan got its independence from India on 1949 and has kept strong relations. Thimphu and New Delhi's relationship has been governed by the 1949 Treaty of Friendship between the Government of India and the Government of Bhutan—in force and perpetuity—which calls for peace and noninterference in internal affairs and India's guidance and advice in external relations. Bhutan has been exhibiting greater independence in its foreign policy, and by the early 1990s was, in effect, autonomous in its foreign relations. Thimphu has established bilateral diplomatic relations with other countries, as mentioned earlier, and has joined various multilateral relations with several regional organisations. Bhutan is a member of the United Nations, SAARC, the Non-aligned Movement (NAM), and the Asian Development Bank (ADB).

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15. Iftekhar Ahmed Chowdhury, "Bhutan: Shades of 'Shangri-La' in a Haven of 'Happiness'", *Institute of South Asian Studies (ISAS)*, Working paper No.163, May 3, 2012, pp. 1-7.



**Globalisation has made the once-secluded states or small states (be it landlocked or coastal countries) prominent in the international arena and has since designed their policies to enhance their security**

Developments between China and Bhutan may be seen in the light as to what happened with Sri Lanka and led to the strengthening of China and Sri Lanka relations. Although one may argue that Sri Lanka's request for military hardware from India and consequent response led to other strengthening of relationship with China and developmental issues may well be witness to certain realities.<sup>16</sup> The recent agreement which had taken place between Sri Lankan government and the state-owned China Aviation Technology Import-Export Corporation (CATIC)

on February 2011 though stalled due to domestic reasons is an example. Interestingly, the company, which exports military wares to Sri Lanka, was also looking to set up a luxury hotel and shopping mall, according to the terms of the agreement. It had swiftly opened a local office, made a down payment and prepared to take possession of the ten acres of land opposite the green has been owned by the defence ministry and till recently housed the army headquarters and military hospital.<sup>17</sup>

Globalisation has made the once-secluded states or small states (be it landlocked or coastal countries) prominent in the international arena and has

16. Sri Lanka and China has been having a diplomatic relationship but 2009 showed the strengthening of its ties with Chinese majority of the military hardware on display during the victory parade of eliminating LTTE. Defence analysts say that China's support - both diplomatically and in terms of arms sales - played a key role in Sri Lanka's ability to secure a military victory over Tamil Tigers after many western countries stopped selling weapons to Colombo, citing concerns over human rights abuses. China's reasons for supporting Sri Lanka have been partly domestic. It has long held that nations should be allowed to deal with separatist movements internally to help avoid international involvement over the issues of Xinjiang and Tibet. But one of the main reasons China threw its weight behind Colombo's war is located at the southern tip of the teardrop shaped island. It is here, near the sleepy fishing town of Hambantota, that China is constructing a US\$1 billion deep water port that would provide docking and refuelling facilities for the thousands of ships that ferry oil and raw materials from Africa and the Gulf through the Indian Ocean to China every year. Some military analysts see Hambantota as one of the most recent additions to China's "string of pearls". Hannah Gardener, "China's Aid Revealed in Sri Lanka's Victory Parade", *The National*, June 9, 2009, at <http://www.thenational.ae/news/world/south-asia/chinas-aid-revealed-in-sri-lankas-victory-parade#page2> accessed on November 9, 2012.
17. "Sri Lanka and China: About Face", *The Economist*, October 29, 2011 at <http://www.economist.com/blogs/banyan/2011/10/sri-lanka-and-china> accessed on November 9, 2012.



since designed their policies to enhance their security. Incrementally, slowly but surely, these small countries have begun to assert their independence and sovereignty.<sup>18</sup> Bhutan has been active at international level through its membership in international organisations and also maintained its relations with India. In fact, both the countries renegotiated the 1949 Treaty in 2007. Both the countries agreed during 2007 to “reaffirm their respect for each other’s independence, sovereignty and territorial integrity”. India also gained the status of being Bhutan’s largest trading partner. In turn, India’s energy-hungry economy bought back the hydroelectric power funded by it in Bhutan. Bhutan has also cooperated with India troops in flushing out insurgents.<sup>19</sup> It can be noted that India’s acknowledgment of smaller partners have always been relevant and given due important.<sup>20</sup>

However, there have been changes with certain renegotiations between Bhutan and a rising China. Bhutan, like all countries, has been concerned about its security. Earlier it drew this comfort blanket of security from India and now for future it would not be wrong to assume that it can commence nurturing deeper relationship with China not only economically but also militarily (in all the three sectors: army, navy and air force). It is interesting to know that in past, Bhutan also had trade relations with Tibet which ceased in recent decades. The borders between Bhutan and Tibet closed with the influx of some Tibetan refugees into Bhutan in the 1960s. In 1998 Bhutan and China signed an Agreement on Peace and Tranquility on the Bhutan-China Border. 470 km border There have been observations of China’s intrusions into Bhutan but it seems that these intrusions from the Chinese side were more towards India than into Bhutan.<sup>21</sup>

In 1998, Bhutan and China signed a landmark agreement to seek a peaceful settlement to a four-decade old border dispute. In 1958, when China was trying to claim the Indian Territory, its maps also showed 200

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18. Chowdhury, “Bhutan: Shades”, n. 15, p. 5.

19. Ibid.

20. This acknowledgment was more important for India because as a growing power it showed its humbleness and also its strategy of keeping a healthy and harmonious relationship with no scope of turning against India because of any grievances towards India or any dissatisfaction from India’s side.

21. Chowdhury, “Bhutan: Shades”, n. 15. pp 5-6.

**Bhutan may still have certain apprehensions towards India due to the military defeat during 1962 and can be a reason for the current leaning towards China**

sq miles of Bhutanese territory as part of Tibet. It is important to note that India's first Prime Minister Jawaharlal Nehru had said in the Parliament that any attack on Bhutan would be considered an attack on India. Later, India's defeat against China in the 1962 War had made Bhutan skeptical about the capability of India to look after its defence as well as Bhutan's. Confidence seemed to have been restored following the Indian victory in 1971 when India defeated Pakistan and Bangladesh gained independence. The process of normalisation of relations between India and China also made it possible for Bhutan to have direct bilateral talks with China on boundary issues, thus, providing Bhutan an extra space to implement its foreign policies.<sup>22</sup>

Bhutan may still have certain apprehensions towards India due to the military defeat during 1962 and can be a reason for the current leaning towards China. China, as mentioned above, is growing as an economic power and also as a military power whose influence is spreading far and wide. Therefore, to prevent itself from being 'gobbled by a big fish', Bhutan could be playing safe with China. Interestingly, without the absence of official diplomatic missions, China is Bhutan's sixth largest import market. Also, Bhutan has viewed the inability of the international community to interfere or resolve issues over Kashmir and Tibet.

The apprehension that Bhutan might go into China's fold seems far-fetched given the with regard to the current state of relations Bhutan has with India and its past experience with China.<sup>23</sup> However, security has always been paramount issue for all countries irrespective of its international standing in a fiercely competitive world. China's position with respect to Tibet and India's and Bhutan's attitude with respect to this position will have influencing effects in the relations between these countries. Bhutan has many historical links with Tibet. Bhutan's recognition in the international

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22. Padmaja Murthy, "Indo-Bhutan Relations: Serving Mutual Interests", *IDSA*, <http://www.idsa-india.org/an-apr9-8.html> accessed on November 7, 2012.

23. *ibid.*

arena has a lot to do with what is China's position on Bhutan. A hardened position against Bhutan by China can have its own repercussions for the growing relation with a regional power as far as Bhutan is concerned. Bhutan will then have to take a balanced view when it comes to maintaining ties both with India and China.

## CONCLUSION

It may seem like a mind game and for researchers and policy makers there is a lot to read in between the lines. Viewing through a prism of caution, India would do well to keep a vigilant eye on the growing relationship between Bhutan and China. Although there are international laws, one cannot deny the dominating positions of regional powers in influencing and garnering support.

Strategic implications for India would get compounded if Bhutan has to toe China's views and influence. Bhutan geographically interjects any foray that China has to make through the Chumbi valley and Tawang. The Siliguri Corridor is vulnerable to a Chinese offensive in that region which can isolate the entire North Eastern region as far as accessibility through land is concerned. Hence, Bhutan's neutrality is extremely important and absolutely imperative as it forms both a barrier and buffer between the two countries. Rapid development in road and associated infrastructure opposite Chumbi Valley including rail network from Lhasa to Zangmu and cannot be overlooked. This expansion might point towards Chinese attempts at upgradation of operational posture.

The defence of India, therefore, linked closely with that of India. Bhutan would ideally provide launch pad for the Chinese in case of a military offensive. Therefore, if Bhutan diplomatically allies with China then attendant military ramifications will be very many. In plain speak, access to Chumbi Valley through Bhutan, in addition to the traditional routes would

severe and isolate the north east<sup>24</sup> will open the flank of Tawang--Tenga sector and widely exposing the threat to the plains of Assam.<sup>25</sup>

A considered understanding all the above it is imperative that India needs to maintain a steady and healthy relationship with Bhutan. India needs to look inwards and strengthen its defence preparedness and infrastructure building along the border, in order to counter any military offensive. Bilateral and constant focused efforts to engage Bhutan as a strategic and economic partner. The role of the Indian Military Training Team (IMTRAT) positioned in Haa district in Bhutan becomes important in very many ways to provide the platform for furthering relationship between the two countries. The June 2010 visit of Indian Army chief, General VK Singh, to Bhutan to promote defence ties between the two countries was indeed an encouraging development in this context. Maximise soft-power approach and create an enabling environment for rapid economic growth. A strong institutionalised mechanism not only from the economic point of view but also for strengthening political and cultural ties between India and Bhutan will be important factors.

Concluding the understanding of the relationship between Bhutan and China it can be seen as a two-sided requirement. On one side, a rising China would try in every way to contain India and also expand its influence regionally and globally. On the other side, Bhutan would also take up a reasonably safe position against a strong player. For India, it is extremely important for not only looking into the economic growth but also needs to have issues of national security as paramount concerns.

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24. For India it would be a return of an old memory and an event where Pakistan during 1947 in its voracity and vindication against India had wanted to occupy Kashmir. During this campaign, Pakistan Army's aim was to cut off road in 1947 as India would have no other means to control the state. Jasjit Singh, "The Kashmir Issue and India-Pakistan Conflict", 3<sup>rd</sup> Capsule Course for Centre for Air Power Studies or Delhi University Students on *India's Security Challenges* (October 1-6, 2012), October 3, 2012.

25. Arun Sahgal, "Chinese inroads into Bhutan worry India", *South Asia Monitor*, October 30, 2012, <http://southasiamonitor.org/detail.php?type=n&nid=4176> accessed on November 6, 2012.