

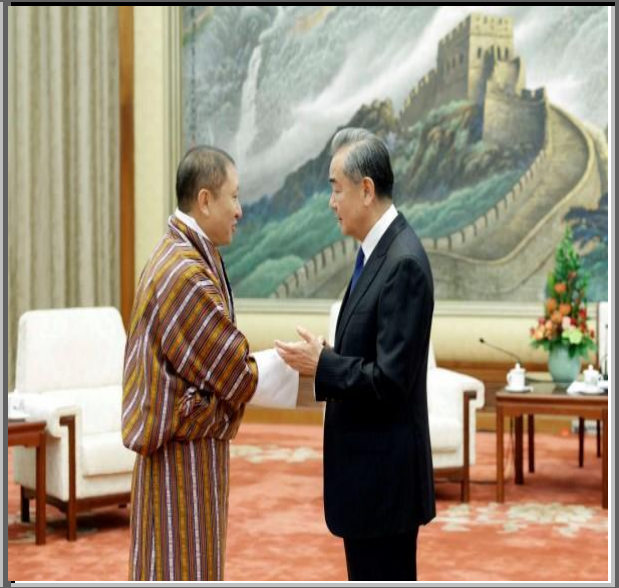
DRAGON VS. ELEPHANT: THE BATTLE FOR STRATEGIC INFLUENCE IN BHUTAN

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(Views expressed in the brief are those of the author, and do not represent those of ISSI)



A small landlocked country between China and India, Bhutan is the only South Asian state that does not have diplomatic relations with Beijing. However, both countries have maintained friendly ties with each other and regularly engaged in high-level boundary talks. The recent visit to China by the Bhutanese Foreign Minister (FM), Dr. Tandi Dorji, raised alarm bells in India.¹ The visit concluded with the agreement on resolving the demarcated areas including the ones that fall within the disputed territory of Doklam² – a strategic pressure point for both Beijing and New Delhi.

This high profile visit is another sign that the modern Bhutan – having New Delhi’s influence over its foreign and defence policy – is opening up to the world now.³ Given China’s economic rise and influence, it is becoming difficult for Bhutan to stay aloof from the regional politics. In an interview to *The Hindu*, the Bhutanese Prime Minister told the Indian newspaper, “Bhutan-China border talks are coming to conclusion as a possible exchange of land between Doklam and northern Bhutan.”⁴

¹ “Warming Ties: On Bhutan-China Relations and India’s Concerns”, *The Hindu*, October 26, 2023, <https://www.thehindu.com/opinion/editorial/warming-ties-the-hindu-editorial-on-bhutan-china-relations-and-indias-concerns/article67458318.ece>

² Ayanangsha maitra, “Doklam Conundrum: Bhutan King’s India Visit Seeks to Cement Mutual Trust between New Delhi and Thimphu”, *First Post*, November 5, 2023,

³ Aditya Gowdara Shivamurthy, ‘The Changing Contours of Bhutan’s Foreign Policy and the Implications for China and India’, *Observer Research Foundation*, June 1, 2022, <https://www.orfonline.org/research/the-changing-contours-of-bhutans-foreign-policy-and-the-implications-for-china-and-india/>

⁴ Suhasini Haidar, “ Bhutan-China Border Demarcation Talks Inching towards Completion: Bhutan PM Tshering”, *The Hindu*, October 8, 2023, <https://www.thehindu.com/news/national/bhutan-china-border-demarcation-talks-inching-towards-completion-bhutan-pm-tshering/article67392769.ece>

Reiterated in the recent visit as well, the Bhutanese FM expressed the readiness of his country to establish formal ties with China.⁵ This marks a clear shift from Bhutan's previous foreign policy postures. This is also, why the recent warming of Thimphu-Beijing ties is being viewed with much apprehension in the strategic quarters of New Delhi.

Sino-India rivalry is no secret: It is seemingly intensifying with every passing day.⁶ Be it at bilateral level – border dispute is one example – or multilateral forums like United Nations (UN)⁷, G-20,⁸ Shanghai Cooperation Organization (SCO),⁹ and BRICS Plus¹⁰, the two countries have a range of divergent views and perceptions. New Delhi opposes China's Belt and Road Initiative (BRI) and seeks to counter it by laying out a network of parallel economic corridors like International North-South Transport Corridor (INSTC) in Eurasia¹¹ and India-Middle East-Europe-Economic Corridor (IMEC).¹² Considering that New Delhi is also a part of many "anti-China" partnerships and constructs like Indo-Pacific Strategy and Quadrilateral Security Dialogue (QUAD), this particular development assumes strategic importance.

In this context, the question arises: How can Bhutan factor be explained in Sino-India rivalry: a balancer, another flashpoint, or a fix?

⁵ Gunjan Singh, "On Bhutanese FM Tandi Dorji's Trip to China, and the Implications for India", *The Quint*, October 28, 2023, <https://www.thequint.com/opinion/on-bhutanese-fm-tandi-dorji-trip-to-china-and-the-implications-for-india>

⁶ Danile Merkey and Andrew Scobell, "Three Things to Know about India-China Tensions", *USIP*, October 19, 2023, <https://www.usip.org/publications/2023/10/three-things-know-about-china-india-tensions>

⁷ Kate Sullivan de Estrada and Rosemary Foot, "China's And India's Search for International Status through The UN System: Competition And Complementarity", *Contemporary Politics*, Vol. 25 (2019), pp: 567-585. <https://doi.org/10.1080/13569775.2019.1621718>

⁸ Sylvie Kaufmann, "Tensions Between China And India Around the G20 Reflect A Fragmentation of the International System", *Le Monde*, November 6, 2023, https://www.lemonde.fr/en/opinion/article/2023/09/06/tensions-between-china-and-india-around-the-g20-reflect-a-fragmentation-of-the-international-system_6126151_23.html

⁹ Ume Farwa, "SCO Summit 2023 and Regional Integration: Possibilities for Eurasian Integration and Tough Choices Ahead", *ISSI*, July 27, 2023, https://issi.org/wp-content/uploads/2023/07/IB_Farwa_July_27_2023.pdf

¹⁰ Ume Farwa, "BRICS Summit 2023, The Growing Divide between East and West: Assessing India's Position", *ISSI*, September 20, 2023, https://issi.org/wp-content/uploads/2023/09/IB_Farwa_Sept_20_2023.pdf

¹¹ "At SCO Meeting, India Refuses to Endorse China's Ambitious BRI", *The Economic Times*, November 1, 2022, <https://economictimes.indiatimes.com/news/india/at-sco-meeting-india-refuses-to-endorse-chinas-ambitious-bri/articleshow/95237272.cms>

¹² Iftikhar Gilani, "India-Middle East-Europe Economic Corridor: A Passage Of Possibilities", *The Frontline*, November 6, 2023, <https://frontline.thehindu.com/world-affairs/how-the-india-middle-east-europe-economic-corridor-opens-up-a-passage-of-possibilities/article67344064.ece>

Bhutanese FM Visits China: Main Highlights

On October 23, 2023, Bhutanese Foreign Minister Dr. Tandi Dorji paid a visit to China and met his Chinese counterpart, Wang Yi, in Beijing.¹³ The focus was on resolving the boundary dispute, fix the problems in this regard, and eventually establish formal bilateral relations.¹⁴ Dr. Dorji's visit assumes special significance for many reasons. It was the first-ever visit to Beijing by a Bhutanese Foreign Minister. Secondly, China and Bhutan engage in regular rounds of boundary talks but the last such discussions took place in 2016.¹⁵ As such, this visit by the Bhutanese FM to conduct the talks, after a hiatus of seven years, marks a unique development on its own.

The statements of the Chinese and Bhutanese FM indicate an unprecedented movement forward towards establishing formal Thimphu-Beijing diplomatic ties.

Chinese FM Wang Yi stated that “conclusion of boundary negotiations and the establishment of diplomatic relations between China and Bhutan fully serve the long-term and fundamental interests of the country and nation of Bhutan.”¹⁶ He added that China intends to complete the demarcation process while completing and fixing the bilateral relations as soon as possible.¹⁷ The Bhutanese Foreign Minister, Dr. Dorji agreed to “work for an early settlement of the boundary issue and advance the establishment of diplomatic relations.” He said that Bhutan abides by One-China policy and supports China's three global initiatives.¹⁸ During his official trip to Beijing, Dr. Dorji, met several highlevel officials. Apart from e meeting with Foreign Minister, Wang Yi – also an influential member of the Political Bureau of the CPC Central Committee – he met with Vice President Han Zheng.¹⁹ Mr. Zheng stated that China respects sovereignty and territorial integrity of Bhutan and it is willing to extend support to Bhutan in all fields including economy, culture and tourism.²⁰

¹³ “Wang Yi Meets with Foreign Minister of Bhutan Dr. Tandi Dorji”, Embassy of the People's Republic of China in the Kingdom of Sweden, October 23, 2023, http://se.china-embassy.gov.cn/eng/zgxw_0/202310/t20231023_11166399.htm

¹⁴ Ibid.

¹⁵ “24th Round of Bhutan-China Boundary Talks Held”, *Kuensel*, April 16, 2016, <https://kuenselonline.com/24th-round-of-bhutan-china-boundary-talks-held/>

¹⁶ Ibid.

¹⁷ Ibid.

¹⁸ Ibid.

¹⁹ “Chinese Vice President Meets Bhutan's Foreign Minister”, *Xinhua Net*, October 24, 2023, <https://english.news.cn/20231024/8dd4376048674a8385c776587f2a9a0e/c.html>

²⁰ Ibid.

Headed by the Vice Foreign Minister, Sun Weidong, and the Bhutanese Foreign Minister, the 25th Round of Boundary Talks took place in Beijing on 23-24 October 2023.²¹ According to joint press release, the two sides:

- Signed “the Cooperation Agreement between the Government of the Kingdom of Bhutan and the Government of the People’s Republic of China on the Responsibilities and Functions of the Joint Technical Team (JTT) on the Delimitation and Demarcation of the Bhutan-China Boundary”; and,
- Agreed to accelerate the boundary demarcation process keeping in view the early-possible implementation of “the Memorandum of Understanding (MoU) on the Three-Step Roadmap.”²²

The signing of cooperation agreement and its execution under the Three-Step Roadmap is the most important factor that makes this visit a development of utmost concern in the Indian eyes. New Delhi also seems to be surprised by the fast-pace warming in Bhutan-China relations and Beijing’s insistence to resolve the boundary dispute as soon as possible.²³ However, if viewed from a historical perspective, the Chinese moves hold substance.

China-Bhutan Relations and Boundary Talks

Bhutan is the only country in South Asia that does not have diplomatic relations with China. The demarcated China-Bhutan border, spanning about 500 km sq, is the main reason of contention.²⁴ According to the Bhutanese side, there are four major demarcated areas, but, according to the Chinese, there are six. The Chinese side claims that “Beijing-Thimphu border covers a 600 km sq long territory while disputed areas are located on the eastern and western parts of the border, covering about 500 km sq.”²⁵ The Bhutanese Prime Minister, in an interview with a Belgian newspaper stated, “We do not encounter major border problems with China, but certain territories are not demarcated. We still have to discuss it and draw a line.”²⁶

²¹ “Joint Press Release on the 25th Round of Boundary Talks between Bhutan and China”, *Ministry of Foreign Affairs and External Trade Royal Government of Bhutan*, October 24, 2023, <https://www.mfa.gov.bt/joint-press-release-on-the-25th-round-of-boundary-talks-between-bhutan-and-china/>

²² Ibid.

²³ Sushani Haider, “Bhutan, China Want Deal on Boundaries ‘Soon’”, *The Hindu*, October 24, 2023, <https://www.thehindu.com/news/international/bhutan-china-want-deal-on-boundaries-soon/article67455065.ece>

²⁴ “Bhutan-China”, *Sovereign Limits*, <https://sovereignlimits.com/boundaries/bhutan-china-land>

²⁵ “India’s Obstruction Main Obstacle to Solving China-Bhutan Border Disputes: Experts”, *Global Times*, <https://www.globaltimes.cn/page/202303/1288312.shtml>

²⁶ Ibid.

The China-Bhutan boundary talks started in 1984 and, since then, they have held 24 rounds of bilateral talks and conducted 10 rounds of expert-level meeting on this issue. The last round of boundary negotiations was held in 2016 but, due to China-India standoff in Doklam in 2017, the boundary talks stalled. Doklam is a sensitive region in the Himalayas where three states – Bhutan, China (Autonomous region of Tibet), and India (Sikkim) – lay their claims. Later on, primarily due to India-China border dispute and with the advent of global pandemic Covid-19, no talks could take place.

Now that the boundary talks have resumed, they are mostly guided by the “Joint Communiqué on the Guiding Principles for the Settlement of the Boundary” and the “Agreement on the Maintenance of Peace, Tranquility, and Status-Quo in Bhutan-China Relations.” Both these documents were signed and released in the boundary talks held in 1988. However, in the 10th Expert Group Meeting, which was conducted in Kunming, in April 2023, a Memorandum of Understanding (MoU) on the Three-Step Roadmap was signed – the current template to conclude the boundary negotiations. Though much of the details of the Three-Step Roadmap have not been made public, it is based on three steps for conclusion of boundary talks:

- i. “Agreeing to the border on the table;
- ii. Visiting the sites on the ground;
- iii. Formally demarcating the boundary.”²⁷

The Chinese side maintains that its boundary dispute with Bhutan is not much of significance but New Delhi is willfully blocking the process. They attribute it to the influences that New Delhi holds over Thimphu’s cultural, diplomatic, and defence policies.²⁸ As reported by China’s *Global Times*, the Chinese experts believe that India is projecting anti-China policy in Bhutan and thwarting the prospects of peace and prosperity in the region.²⁹

India’s Response: Apprehension and Worries

India is apprehensive over this development. Its main concern is strategic in nature and that is why India appears unsettled as the boundary talks resume.³⁰ Bhutan’s importance stems from its geostrategic location and it stands as a buffer state between Beijing and New Delhi. At the same time,

²⁷ Hemant Adlakha, “Expert Explains | Bhutan’s King in India as Beijing-Thimpu Speed Up Border Talks: Why New Delhi is Concerned”, *The Indian Express*, November 6, 2023, <https://indianexpress.com/article/explained/bhutans-king-in-india-beijing-thimpu-border-talks-9014771/>

²⁸ “India’s Obstruction Main Obstacle”, *The Global Times*.

²⁹ Ibid.

³⁰ Kiran Sharma and Phunto Sho Wangdi, “India Casts Wary Eye on Revived China-Bhutan Boundary Talks”, *Nikkei Asia*, November 5, 2023, <https://asia.nikkei.com/Politics/International-relations/India-casts-wary-eye-on-revived-China-Bhutan-boundary-talks>

the demarcated areas in Bhutan also function as strategic pressure points for both the countries. Particularly, the disputed Doklam plateau holds immense strategic significance for both states as it is situated in close proximity with the Siliguri Corridor. Commonly known as the “Chicken Neck”, Siliguri Corridor is the gateway to entering the northeastern states of mainland India.

During the Doklam standoff in 2016, Thimphu played a strategically important role by allowing the Indian troops to enter into its territory.³¹ Therefore, if China claims this area and Bhutan agrees to cede this part to Beijing, New Delhi would come under a strategically compromised position. The Indians believe that, by finalizing the land exchange deal with Bhutan, China is trying to put New Delhi in a tight corner. Bengaluru based writer, Sudha Ramachandran remarked that the conclusion of China-Bhutan boundary talks are a big gambit on Beijing’s part to gain an upper hand from a strategic point of view.³² In its editorial, *The Hindu* wrote that India is concerned with the Bhutanese FM’s visit to China for two reasons. Firstly, the visit involves the resolution of the disputed areas which are strategically important to India. Secondly, Bhutan’s warming up to China indicates New Delhi’s waning influence over this South Asian state.³³

However, the editorial also highlighted the need, on India’s part, to understand the reasons behind Thimphu’s opening up to China. *The Economist* also noted the same and commented that India’s worries stem from the possible loss of territory and influence in Bhutan.³⁴ Therefore, India wants to influence these boundary talks and its concerns considered by Bhutan. In a podcast for the British think tank, Brookings, the former Indian Ambassador to China, Gautaum Bambawale said that the settlement of boundary dispute is better for Bhutan but New Delhi wishes its concerns to be addressed – which have been conveyed to the Bhutanese government.³⁵

As of now, China-India rivalry has come to a point where both the states do not wish to be entangled in a conflict but taking action that is triggering a classic security dilemma³⁶ – not only for each other but for the regional states also. Bhutan is a case in point.

³¹ “Fostering India-Bhutan Relations”, *Drishti*, April 12, 2023, <https://www.drishtiiias.com/daily-updates/daily-news-editorials/fostering-india-bhutan-relations#:~:text=Bhutan%20and%20India%20share%20strong,to%20India%20for%20higher%20education>.

³² Sudha Ramachandarn, “China’s Bhutan Gambit”, *The Diplomat*, July 23, 2023, <https://thediplomat.com/2020/07/chinas-bhutan-gambit/>

³³ “Warming Ties: On Bhutan-China Relations and India’s Concerns”, *The Hindu*.

³⁴ “China and Bhutan Aim to Resolve a Long-Running Border Dispute”, *The Economist*, November 2, 2023, <https://www.economist.com/china/2023/11/02/china-and-bhutan-aim-to-resolve-a-long-running-border-dispute>

³⁵ Gautaum Bambawale and Tanvi Madan, “How India Sees China’s Ties with Pakistan and Bhutan”, *Brookings*, November 1, 2023, <https://www.brookings.edu/articles/how-india-sees-chinas-ties-with-pakistan-and-bhutan/>

³⁶ Danile Merkey and Andrew Scobell, “Three Things to Know about India-China Tensions.”

However, Bhutan is a unique state, in so many ways, making it hard to typify its role in Sino-India rivalry. It is a member of the UN but maintains diplomatic relations with only 59 countries.³⁷ It does not have formal diplomatic relations with any of the P5 countries.³⁸ The foreign diplomatic missions in India fulfill the consular responsibilities and communicate through Royal Embassy of Bhutan in New Delhi.³⁹ Given such overwhelming dependence on India, it is not easy for Bhutan to pursue full autonomy completely independent decisions in the foreign and defence realms. Noting it is the largest recipient of Indian foreign aid,⁴⁰ Bhutan seems ready to what evidently appear to be a defiant move: establishment of formal ties with China and conclusion of boundary agreement with India.

On Bhutan's part, it is not just Sino-India rivalry but also a myriad of other factors that are driving the change in its foreign policy.⁴¹ For last two decades, Bhutan has been undergoing a gradual transformation from an absolute monarchy to democracy. Driven by the people's desire, the government in Thimphu is looking for diversifying its economic means and resources. In that regard, an economic giant like China cannot be ignored especially when it is extending the diplomatic cordiality to Thimphu. Furthermore, the demarcated areas between Bhutan and China are not just Doklam but three other areas that are needed to be resolved if the two states ensure establishment of bilateral ties based on mutual respect for each other's concerns. India's strategic concern is Doklam, which is a trilateral process in the boundary talks – another fix in Sino-India rivalry.

What Future Holds?

The recent Bhutan-China warming up is the need of time. It indicates a shift in the Bhutanese foreign policy. From previously held neutral position on China and following the old patterns of "self-isolation", the country is undergoing a transformation – at national and international front. Its border with China is demarcated for decades and, instead of getting into an armed conflict, it engaged in regular boundary talks with Beijing. However, among all the demarcated areas, Doklam is of special significance. Bhutan, having special relationship with India, comes into a tight spot. On one hand, it has to sustain its unique ties with India and, on the other, it has to be firm enough to conclude the boundary talks and establish diplomatic relations with China.

³⁷ Helmet Aldakha, "Expert Explains".

³⁸ "U.S. Relations with Bhutan", *U.S. Department of State*, July 18, 2022, <https://www.state.gov/u-s-relations-with-bhutan/>

³⁹ Ibid.

⁴⁰ "Countries That Receive the Largest Foreign Aid from India In FY 2020", Statista, September 13, 2023, <https://www.statista.com/statistics/1060959/foreign-aid-outflow-india-by-recipient-country/>

⁴¹ Ayanangsha Maitra, "Doklam Conundrum."

Weeks after the Bhutanese Foreign Minister signed agreement of cooperation with China on boundary talks, the Bhutanese King Jigme Khesar Namgyel Wangchuck, embarked on an official trip to India.⁴² He assured India of his country's intent to cement the unique ties that the two states share. How the Dragon and Elephant are going to eventually resolve their differences only time will tell. Yet, for now, it seems clear that the two are engaged in a delicate matter that certainly requires prudent handling— if peace has to prevail in the region. From this perspective, Bhutan appears a new fix in China-India relations but – if treated as a mere geostrategic catch point – this can turn into another hotspot in the ongoing Sino-India rivalry.

⁴² Rezaul H Laskar, "Weeks after boundary talks with China, Bhutan King begins India visit on Friday", *The Hindustan Times*, November 2, 2023, <https://www.hindustantimes.com/india-news/weeks-after-boundary-talks-with-china-bhutan-king-begins-india-visit-on-friday-101698915514315.html>