

# Why a study of indo bhutan relations history essay



**ASSIGN  
BUSTER**

The political and economic scenario of the world has changed significantly since the end of the Cold War. The simultaneous rise of India and China while a financial gloom stares at the West, is a development of great significance today. In this context, the Sino-Indian balance of power situation has put the countries of the Indian sub-continent into world focus. Moreover, the traditional concept of national security is being broadened gradually to include human security concerns related to water, food and energy security; climate change, pandemics and natural disasters; migration and preservation of identity and culture. Because of the unprecedented pace of globalisation driven by frontier technologies, borders are gradually losing their relevance. These massive changes, which are likely to accelerate in the next 20 years, have also affected India and its neighbourhood. South Asia is witnessing the competitive rise of India Xna which has created a global influx of resources and a new security architecture is being built around it or at least the existing one is being strengthened. That is why the Indian Ocean ‘ Rimland’ has become the big game corridor.

Part of this Rimland are big and small nations all competing in the same space. The diplomatic equation of India with these nations is undergoing metamorphosis, albeit there is continuity in change. In this context, the Indo-Bhutan relationship has become not just more dynamic but also complex. The Bhutanese social and political milieu has been fast changing ever since democracy took feet in the Bhutanese soil. With growing aspirations, Bhutan has realigned herself with real politics of the world. It has begun to come out of its shell and explore better avenues of international co-operation, even thawing to its Northern neighbour, China. Added to this is the unfolding

reality of social change in the Bhutanese society and the grave threat of climate change related disasters, which the glacial country is literally living under. Although Indo-Bhutan relationship has withstood the tests of time so far, it would be very ignorant of us if India does not sit up and take notice of these changes so that we may be prepared to recalibrate our policies to prevent them from becoming anachronistic.

## **1. 2 Aim**

Given the above context, this thesis is aimed to make an objective study of the security situation, the social-political and economic developments and the climatic changes that define the Bhutan of today. The study aims to highlight and analyse those developments which can be of particular relevance to Indian foreign policy making in the next decade or two. It is aimed to understand the anxieties of our Himalayan neighbour in present times so that we may be able to posture ourselves better to meet the challenges that may be posed to our national interests due to these changes, and also to take advantage of any new opportunities that may arise with them. Thus, recommendations and suggestions are also put forth for making Indian diplomacy more successful in this region in the coming times.

## **1. 3 Scope**

The scope of this thesis has been restricted to analysing Indo-Bhutan relations beginning from the end of British Rule and signing of the Friendship Treaty in 1949, although, historical references have been made wherever deemed necessary. However, the main focus of the study is on the contemporary Bhutan and the changes seen in the past 10 years, which have led to the ongoing transformation of Bhutan. It aims to highlight the

<https://assignbuster.com/why-a-study-of-indo-bhutan-relations-history-essay/>

contemporary developments which have caused or may cause, a shift in the Bhutanese policy imperatives, thus requiring a similar reconfiguration from the Indian side.

## **1. 4 Plan of Presentation**

The thesis is divided into five chapters. The first chapter deals with a general introduction of Bhutan as a unique country and the background of Indo-Bhutan relations in various sectors of co-operation. The subsequent three chapters will deal with specific issues which are considered important for Indian foreign policy making. The second chapter will introduce the security issues involved considering the strategic location of Bhutan between two big powers, India and China. The next chapter touches upon the internal developments in Bhutan- social, political and economic- which can have implications for Indian foreign policy imperatives. The one after that deals specifically with the issue of climate change and the implications it may have on the power and water co-operation between India and Bhutan and also on the living conditions of people in the lower riparian Himalayan states of India. The last chapter aims to conclude and summarise the above implications on Indian foreign policy and how India should calibrate its stance taking in account the said developments.

### CHAPTER 2: Indo-Bhutan Relations

## **2. 1 Why a study of Indo-Bhutan Relations?**

The pace of change in the Asian region will only intensify in the coming years. What does this change mean for India's neighbourhood policy? While India's neighbourhood will throw up several new avenues for co-operation

among countries of the region yet fresh security challenges will also arise. Dominated by traditional security concerns for the last six decades, India's policy towards its neighbourhood will require a makeover in the light of the great political, economic and social changes that are taking place. Today the concept of security encompasses several humanitarian cross-border issues like migrations, water sharing, transportation, trade, energy and food security etc. Hence, non-military concerns will need to be incorporated within a broader understanding of national security. This will be a major challenge for India's foreign and security policies in the coming decades.

Bhutan is turning over a new leaf in its history. It is transiting from a monarchical system to democracy. In this context, India has to take into stride the growing presence of China in the region and the fact that a country like Bhutan cannot avoid a political thaw towards a big power without making the animosity evident. It may have to open doors to the Chinese for deepening its economic ties which will help in improving the living standards of its peoples. Moreover, the political tone of the emerging parties is changing with the rise of a strong pro-China and anti-India lobby in Bhutan. India cannot afford to do business as usual with Bhutan as it will also hurt its own interests. In such a scenario, India should be mindful of the changing political discourse in Bhutan as democracy takes roots in Bhutan. Along with this, we have to co-operate to manage the threats of Climate Change which will cause damage beyond boundaries. That is why it is imperative that we understand our small neighbour and not fall in the trap of taking things for granted. In this chapter an attempt is made to build that

background perspective which will give force to the arguments presented later and also impart a direction and context to the study.

## **‘ DRUKYUL’: Land of the Thunder Dragon**

### **2. 2 Political History**

The political system of Bhutan has evolved over time together with its tradition and culture. In Sanskrit literature it finds mention as Bhootant. Bhot or Bhotiya are the tribes from Tibet and ‘ ant’ means the end, meaning ‘ the land where Tibet ends’. It is said that it was ruled by a Hindu king of Indo-Mongoloid origin. From 8th century onwards the Tibetan invaders began to attack the kingdom and subsequently drove out the original rulers and began to call themselves the ‘ Druk’ people. Later, during the 18th century, Bhutan had their first brush with the outside world through the interventions of British East India Co. Bhutan and Assam had been rivals for ages and even after the British occupation of Assam, Bhutan continued to raid it. First the British tried to engage Bhutanese king Deb Raja through diplomatic missions but the ruler did not give up the raids. This led to an expedition by the Company in Bhutan whereby Deb Raja was subjugated and ‘ The Ten Articles Treaty of Rawa Pani’ in 1865 was signed. After Deb Raja, Ugyen Wangchuk came to power. He changed the course of Bhutan’s history forever. He became a close ally of the British during the Anglo-Tibet war and this alliance also changed the course of Indo-Bhutan relations in future. It finally led to the signing of the Treaty of Punakha in 1910 which was a prelude to the Treaty of Friendship signed in 1949 between independent India and Bhutan.

#### **2. 2. 1 Transition to Democracy:**

The Wangchuk dynasty continued to rule Bhutan. In 1952 King Jigme Dorji Wangchuk came to power and he changed the country's course forever. Having been educated in India and abroad, he understood the importance of economic development and democratic values.

If one looks at the class structure of Bhutan, the picture regarding the conditions that might trigger a transition appear almost as non-existent as did the socio-economic factors. Not only is the majority of the population employed in agriculture, there also exists almost no noteworthy middle class that could facilitate change in line with the arguments made by modern sociologists. Therefore, modernization in Bhutan took a completely different shape from that in most countries. Instead of massive social transformation, it appears that development came in the form of “ change in continuity”. The first structure of Bhutanese culture that promotes this ‘ change in continuity’ is religion. The specific traits that come with Buddhism are probably as conducive to democracy as western culture is thought to be. “ Like Buddhism, modern democracy is based on the principle that all human beings are essentially equal, and that each of us has an equal right to life, liberty, and happiness. Thus, not only are Buddhism and democracy compatible, they are rooted in a common understanding of the equality and potential of every individual.” (His Holiness the Dalai Lama 1999: 3f)

Democracy also requires a system whereby the interests of the individual are balanced with the wider well-being of the community at large. In Buddhism, this dualism between individual and group rights is also well embodied.

Second is the uniquely significant role of agency in Bhutan's transition to democracy. The initiative for democratization emanated solely from the fourth Druk Gyalpo, although some pro-democracy pressure groups did start agitating during the 1990s. Also, no external pressure was put on Bhutan to liberalize, neither from its direct neighbours, nor from its donors.

Interestingly, the King had initiated the beginning of the transition, not by liberalization but by strengthening the executive and legislative, thus devolving his own powers and strengthening state institutions. It appears that the whole process had been long planned and envisioned by the King, as for more than 20 years before the introduction of democracy, some form of consensual, participatory 'grass-roots democracy' had been nurtured, which in turn made it possible to publicly discuss and deliberate about the draft constitution. This resulted in a carefully planned and executed policy of 'change in continuity', that did not oppress the people, provided development without uprooting them, and safeguarded the norms, values and institutions which they held dear. This shows the significant role that leadership played in the country's evolution. That is why the fourth King is considered father of Modern Bhutan.

The constitution was launched in 2008 and with it a parliamentary form of democracy introduced. The progression from Hereditary Monarchy to that of a Parliamentary Democracy has been gradual from the institution of National Assembly in 1953 to all the decentralization that followed suit. Thus, in 2008 Bhutan witnessed a major shift in its political system with the first elections launched country wide. The Druk Phunsum Tshogpa was mandated by the people to head the new government with a major victory. Today with 45



elected members, Lyonchen Jigme Y Thinley steers the government with just two opposition members from the People's Democratic Party.

### **2.3 Bhutan: Economic environment\***

Bhutan is a Low Income Country coming under the South Asian Region as per the classification made by the World Bank on the basis of income and region for the year 2006. Bhutan's GDP[1]per capita in 2009 was 1, 805 US \$, up from 762 US \$ in 2000. However, this drastic change probably reflects more on the volatile increase of GDP due to hydro power construction projects than on the real and substantial increase in the peoples' income. Its adult literacy rate is merely 59%, though there appears to be a sharp contrast between urban and rural. Though it is one of the smallest economies in the world, still its fast rising economic growth rate and its developmental efforts have drawn the attention of the world. It has strived hard to achieve the Millennium Development Goals. For instance, approximately 90% of the population is covered by basic health care, while 83. 2% have access to safe drinking water.

The Ngultrum is its currency whose value is pegged to the Indian Rupee. The Indian Rupee is also accepted as legal tender in the country. Its economy is largely dependent on agriculture, forestry, tourism and sale of hydro electric power to India. Ninety five percent of the population depends on agriculture and allied sectors. The country has large deposits of marble, dolomite, graphite, lead, copper, slate, coal, talc, gypsum and beryl. Major agricultural products[2]in the country are rice, corn, root crops, buckwheat, barley, oranges, cardamom and dairy products. Important industries in the country are HEP, food processing, cement, wood products and processed fruits. Its

tourism industry brings large reserves of foreign exchange to its treasury.

Manufacturing has been the weakest link to its industrial efficiency.

60% of its budget expenditure is being financed by the Ministry of External Affairs. Its major export destinations<sup>[3]</sup> are India, Hong Kong and Bangladesh with electricity, cardamom, spices, handicrafts and timber majorly constituting its export basket. Imports for fuels, grains and machinery are sourced from India, Japan and Sweden. Bhutan has high dependence on developmental aid like in all its major hydro electric projects it has joined hands with many countries like Austria, Netherlands, India etc.

Graph 1: GDP growth rate trend

Graph 2: GDP Growth sector-wise

### 2. 3. 1 Macroeconomic Performance in Recent Past

The country's economic growth rate in the 2011-12 was at 8. 1 percent.

Bhutan was ranked second in South Asia and 11th in the world by the real GDP growth rate for the year 2011. The list of the countries was prepared by the US Central Intelligence Agency. The growth was driven by the industry with hydropower constructions contributing 44. 1 percent followed by the service sector at 37. 4 percent. The primary sector including agriculture, livestock and forestry contributed 15. 1 percent. On the surface, the macroeconomic environment of Bhutan can be described as quite sound in the conventional sense. It has a low budget deficit, a low and stable inflation, a highly open trade regime and a current account surplus (including grants from abroad) in its external transactions. Detailed scrutiny, however, reveals

a number of weaknesses. Unlike many other developing countries, Bhutan did not have to undergo a formal structural adjustment programme because it never faced serious macroeconomic imbalances to warrant such a programme. Nonetheless, Bhutan has undertaken a wide range of liberalization programmes especially in the realm of financial policy and trade and industrial policy-that allow for a greater role of the market mechanism in resource allocation and encourages a shift of economic activities from the public to the private sector.

## **2. 4 Bhutan: Social and cultural environment**

Bhutanese people can be generally categorized into three main ethnic groups- Tshanglas, Ngalops and Lhotshampas and about ten minority groups. Together the multiethnic Bhutanese population numbers slightly more than 7 lakh as per the 2011 census. Dzongkha is the official language of Bhutan and it is written in the Classical Ucan Tibetan script. The Bhutanese society is free of class or caste system and any inhibition that is detrimental for a society to progress. In general the Bhutanese have always been gender sensitive.

Bhutan is a Buddhist country and people refer to it as the last stronghold of Mahayana Buddhism. Buddhism was first introduced by the Indian Tantric master Guru Padmasambhava in the 8th century and the original religion was Ponism, an animistic religion. One may still come across animistic traditions and beliefs being practised by the people. However, Buddhism has a strong impact on Bhutan's national life and national affairs. There are many monasteries which are also centres of administration and lamas are exempt from paying taxes.

While Bhutan is definitely one of the smallest countries in the world yet the cultural diversity and its richness are profound. As such strong emphasis is laid on the promotion and preservation of its rich cultural diversity. It is strongly believed that ensuring protection and preservation of its unique culture would assist in protecting the sovereignty of the nation.

## **2. 5 Bhutan: Ecological environment**

One of the four pillars of Bhutan's development philosophy of Gross National Happiness is the preservation of its environment. The recently adopted Constitution of Bhutan mandates to have minimum of 60% of the country under forest cover. Today, forests constitute 72% of the country. There are more than 3, 281 plant and 770 bird species making Bhutan one of the top 10 bio-diversity hotspots in the world. Although Bhutan's carbon footprint is low because its energy consumption is based less on fossil fuels and more on hydro power, yet it faces an imminent threat due to global climatic changes being a lower riparian state in the glacial valleys of some of the highest and largest Himalayan glaciers.

According to a PTI Report published in the Times of India on Sep 28, 2012, a joint India-UK survey has revealed that Himalayan region will be the worst hit by climate change. According to another set of recent findings, published in three reports by the International Centre for Integrated Mountain Development, based in Kathmandu, Bhutan's glaciers have shrunk by 22 per cent over the last 30 years. Not only does this threaten the viability of its power projects, but also its very survival. Hence, how Bhutan and the world cope with this challenge will have great implications for the whole densely populated region of South Asia.

## **2. 6 INDO-BHUTAN RELATIONS: A ROCK THROUGH THE AGES**

Bhutan and India have shared a common cultural heritage in many ways and till 8th century Bhutan used to be a Hindu kingdom. Even Buddhism was introduced in Bhutan by an Indian, Guru Padmanasambhav. Cultural exchange and trade at the borders forged close ties among the people, especially in the North eastern region. Political contact was first established when King Ugyen Wangchuk became a close ally of the British during the Anglo-Tibet war and this alliance changed the course of Indo-Bhutan relations in future. It finally led to the signing of the Treaty of Punakha in 1910 which was a prelude to the Treaty of 1949 signed between independent India and Bhutan. This treaty was a landmark in the bilateral relationship of the two countries. For Bhutan, the treaty came as an assurance from the Indian side that its sovereignty as a small but independent country will not be challenged by the ' Big Power' on its southern border. It was critical to her security and existence because at that time, the Big Power on its Northern border, Communist China, was carrying out threatening advances towards Ladakh, Tibet, Sikkim, Nepal and Bhutan, following the ' Palm & Five Fingers' theory of Mao. Under article 2 of the treaty, the Government of Bhutan had to undertake to ' be guided by the advice of Government of India in its external relations'. Hence, Bhutan had to give up its right to have an independent Foreign Policy. For India, this treaty had obvious geo-strategic and security significance. In this regard, Lt Gen B. M. Kaul in his book ' The Untold Story' (Bombay: 1967) quotes Nehru from a private conversation as:

“ It was important from India’s point of view to strengthen Bhutan’s friendship in view of her key position at our border and we must do everything possible to help her. We must treat smaller countries like Bhutan as our equals, and never give them the impression that they are being ‘ civilised’ by us.”

Between 1949 and the present times, there have been distinct phases in the evolution of this relationship, while the treaty was still very much like a bedrock. These are marked by four distinct events- the suppression of Tibet by China in 1959, India’s defeat at the hands of the Chinese in 1962, the merger of Sikkim in 1974 and finally the establishment of Democracy in Bhutan in 2006. The first three had made Bhutan all the more conscious of the threat to its sovereignty which was imminent from being sandwiched between two big rival nations. Let’s understand these events briefly.

The continuous Chinese attacks on Tibet Autonomous Region disturbed the peace of the region. China even built a road through from Sinkiang to Tibet, cutting across territories claimed by India, very near to Bhutan. To counter Chinese designs, Nehru visited Bhutan and convinced the Royal Government to accept India’s assistance in building roads through Bhutan to India, to connect strategic territories. Nehru even announced in the parliament that “ India would consider any aggression on Bhutan as an aggression on India.” With Chinese occupation of Tibet in 1959 and Dalai Lama’s political asylum being granted by India, the latter became a *bête noir* for China and it continued to build troops along the Indo-Bhutan border. The King of Bhutan also came to India to seek its guaranteed military support in case of a war

while re-iterating Bhutan's acceptance of India's guidance in foreign matters as a quid pro quo. With these turn of events India and Bhutan came closer.

The Sino-Indian War of 1962 was a setback for Indo-Bhutan relations. Bhutan was jolted to the reality of a full blown war between the two rivals and also to the weak position of India vis-a-vis China. It created the suspicion that if India was unable to protect itself, how it could protect Bhutan. Since then Bhutan became wary of further antagonizing China. Though it still had leanings towards India, it began to expand its horizons to other powers of the world. India also encouraged Bhutan's aspirations in this regard by sponsoring Bhutan's name at international fora such as UN and NAM.

The assassination of Bhutanese PM Jigme Palde Dorji in 1964 led to allegations of Indian official's involvement in the crime and also its interference in domestic matters. However, the air was cleared soon and in 1968, both countries decided to open their diplomatic missions. India sent a Special officer to Thimpu who would help Bhutan foster ties with the outside world. In order to fulfill the condition of having diplomatic missions in other UN countries so as to gain UN membership, Bhutan also decided to open its mission office in New Delhi. During 1960s and 1970s the relationship remained friendly and stable under the leadership of King Jigmye Singye Wangchuk. Another incident that made Bhutan wary was the merger of Sikkim with India in 1974 following an uprising against the feudal exploitation and the monarchy. The Nepali Sikkimese forced Sikkim to merge with the Union of India. Bhutan thought of it as a sad loss of identity and sovereignty of a neighbouring small state. However, the wariness was overcome by the freedom of the newly opened Bhutan. It reached to far-off

<https://assignbuster.com/why-a-study-of-indo-bhutan-relations-history-essay/>

countries like France, USA, New Zealand, UK, Australia etc. during the 1970s. After that India could not dictate to Bhutan, the terms of engagement with other friendly countries. In 1975, it resulted in opening up of trade and economy to Indian markets and also co-operation in the Hydro Power sector throughout the 1970s & '80s. During the Janta Government rule India pursued a policy of ' Beneficial Bilateralism' under which India ceded to Bhutan's request for establishing bilateral relations with China by sending a diplomatic note to the Chinese embassy in India in 1981. Since then Sino-Bhutan relations have been mainly dominated by boundary negotiations and several rounds of negotiations have been held till now.

During the 1980s Bhutan continued to embark on its new journey to open up-to the world while still maintaining friendly relations with India. By now, liberal interpretation of Article 2 of the Treaty of 1949 was already an established custom between the two neighbours. In 1988, the Chukha hydel project was inaugurated by President Venkatraman, having built by Indian technical and financial assistance.

The 1990s were marked with several ups and downs for both countries. On one hand the Nepali refugee problem raised its head, on the other there were anti Monarchical and pro-democracy movements taking seed in the country. Still Bhutan did a successful balancing act at many points in time. It supported India's stand on issues like CTBT, NPT, permanent seat in UNSC, cross border terrorism etc.

During the late 90s and early 2000s Bhutan was caught in a Catch 22 situation regarding formation of a Joint Indo-Bhutan Army for purging ULFA



and BODO militants. On the one hand it did not want to provoke Chinese, who raise their brow on Indian military presence in Bhutan and on the other they did not want the anti-monarchical forces to join hands with the militants as the ultra nationalists would see Indian intervention as compromise of Bhutan's sovereignty. After carefully weighing the pros and cons of all actions, Bhutan finally decided in 2000, to arm and train the Royal Bhutanese Army against the militants hiding in the border areas which were finally purged out in the Operation ' Flush Out'.

After the pro-democracy movement took roots in Bhutan, several changes came into the national consciousness of the Himalayan Nation. The process of debate and discussion on Bhutan's foreign and security policy has started in right earnest. Besides trade and development partnership, power co-operation, climate change, people to people exchange—are all pointers of the deeper engagement they share. Interaction between the democratic institutions of the two countries such as the Parliament and Election Commission has also increased. However, at the domestic level, issues of trade imbalance, disadvantages of over-dependence on India and poor delivery mechanism are being debated in the parliament and the media with increasing regularity. In the national assembly, the representatives are pushing for settling of border dispute with China and normalising relationship with China. Apart from Japan and India, China is likely to come up as a major economic player in Bhutan. On the ethnic front, the issue of Bhutanese refugees of Nepalese origin remains unresolved. This has the potential to strain Nepal-Bhutan relationship and complicate internal security situation in

Bhutan. There is also the likelihood of Indian insurgent groups reusing Bhutanese territory against Indian interests.

In the larger context, the bilateral relationship has so far been a rock through time. However, with aspirations come challenges and new choices. This is exactly what today's Bhutan is going through. There are several policy options for it today. The question is whether it will continue to look at India as friend indeed and a partner for all times and strengthen its relationship or try to diversify and move away from it. Which option it will exercise? Only time will tell.

### CHAPTER 3: The Chinese Externality (Sino-Bhutan Relations)

#### **3. 1 The Background:**

With the above backgrounder, we will now look at the specific major issues at hand which could be of particular interest to Indian Foreign Policy makers.

The Sino-Bhutan relationship has always been and will always be the pivot of India's political relationship with Bhutan. It is of great significance because of the security threat involved to India's eastern sector, given the suspicious actions of the PRC and the acrimonious border dispute between the two regional powers. For India, Bhutan is a traditional ally and a kind of buffer for its territorial security in the eastern theatre. For China, Bhutan forms one of the fingers of the ' five finger policy'. China considers Tibet as the ' palm consisting of five fingers' namely, Ladakh, Nepal, Sikkim, Bhutan and Arunachal Pradesh and so it has always strived for a domineering position vis-à-vis the small states. In this quest for power, China's greatest political rival is India. And history of turmoil in the Himalayas is marked by Chinese

<https://assignbuster.com/why-a-study-of-indo-bhutan-relations-history-essay/>

excursions into the border regions of India which have been mentioned above. Due to these hostilities Bhutan has always turned to India as a friend and advisor. Whereas China, unlike India, even refused to recognize Bhutan's status of an independent nation since the start. That is why bilateral relations have remained strained between the two countries. And in order to assert its suzerainty over Bhutan, China has kept alive the dispute over the 470km border between itself and Bhutan. It has four disputed areas that stretch from Dhoklam in the west, Charithang, Sinchulimpa and Dramana pasture land. China is claiming maximum territory in the western sector that is close to the tri-junction of Bhutan, China and India for strategic purposes. It has offered Thimphu a deal: it wants Bhutan's northwestern areas in exchange for recognizing Bhutan's control over the central areas. The PRC wants Bhutan to compromise on the Chumbi valley which is of extreme strategic importance to India. The PRC has outlined its plan of extending the railway network from Lhasa to Zangmu on the Nepal border. According to this blueprint, yet another line will branch out midway from the line at Shigatse. This line will move east and go up to Yadong, at the mouth of Chumbi Valley- strategically located at the tri -junction of India-China-Bhutan.

So far, Bhutan has largely toiled under the influence of India. India-Bhutan relations were revised in 2007 with the establishment of democracy and now it is more of an equal relation; with Bhutan being freed from the condition of accepting India's ' guidance' in its external affairs. As democracy started taking ground, special ties with India have been questioned by many quarters in Bhutan. There are lobbies which argue that a Nepal like policy of

neutrality towards both countries, India & China, would be more beneficial as Bhutan could then get the 'best of both worlds', even by playing one card against the other. Also Bhutan realizes that it cannot afford to ignore the Chinese overtures without creating animosity between the two. Thus, to neutralize its relationship, Bhutan has started turning towards China. Perhaps, Bhutan is trying to come out of India's shadow and seeks to play a more dynamic role internationally.

Besides strategic interests, Bhutan has justified economic interests in opening up to China, the fastest growing economy. Beijing is exporting farming and telecommunication equipment and has also offered to invest in projects related to health and education services. Unquestionably, for China, Bhutan is also an attractive destination for investment for reasons other than economic. This may not be significant in amou