

41/2015

12th August 2015

Josefa Izquierdo Alberca

What do we know about Bhutan?

[Visit the site](#)

[Receive the ONLINE BULLETIN](#)

This document has been translated by a Translation and Interpreting Degree student doing work experience, MARÍA GARCÍA, under the auspices of the Collaboration Agreement between the Universidad Pontificia Comillas, Madrid, and the Spanish Institute of Strategic Studies.

What do we know about Bhutan?

Abstract

Bhutan is one of those countries in the Himalayan region of which little is known. It has hardly achieved international recognition except for its peculiar defence of Human Happiness index compared to GDP rate and for the 2015 "Visit Bhutan Year" declaration which has served as a claim for the promising future tourism in the country. In the midst of major geopolitical challenges and a fragile ecological environment, Bhutan represents, at the same time, an example of how a small country surrounded by powerful neighbours faces the future.

Key words:

Bhutan, geopolitics, Asia, ecology and environment.

Introduction

With a territory of no more than 39,000 km² and a population of hardly 750,000 people, Bhutan is a mountainous country that in 2008 transitioned from monarchy to democracy. The country, nestled in the heart of the Himalayas, is surrounded by powerful neighbours, as it shares 477km of border with China and 659km with India. Hence, its relations with neighbouring countries constitute one of its major challenges: the establishment of a diplomatic equilibrium between the two Asian giants.

The government resulting from the July 2013 elections, led by Prime Minister Tshering Tobgay, from the People's Democratic Party, is also facing internal challenges: improving the economy, reducing corruption, and raising its citizen's quality of life in terms of education, health and transportation. But, moreover, it must promote regional cooperation and preserve the country's environment if it wishes to maintain previous year's growth and the emerging tourist industry. Tobgay himself recognized the outstanding challenges: "Rather than talking about happiness, we want to work on reducing the obstacles to happiness. Indeed, it is hard to be happy without a job, without a school, a road to your village or a toilet for your home."¹

The new government must embark on a process of economic development that does not negatively impact the vulnerability of its people or environment. However, the demand for labour coming from India and Bangladesh to work in the construction of hydroelectric plants may be the underlying cause behind human trafficking in Bhutan. Jane's Sentinel Security Assessment states that, in this regard, women, children and young people from rural areas are especially vulnerable to sexual and labour exploitation².

¹The guardian, *Bhutan is not all about happiness; it's a country grappling with modernity*, 19 March 2014. Available at <http://www.theguardian.com/sustainable-business/bhutan-gross-national-happiness-private-sector>

²Jane's Sentinel Security Assessment, 14 January 2015. Available at <https://www.ihs.com/>

Cross-border relations mark the economy and political independence

Relations with India have precisely been the most damaged after the 2013 elections. The Indian press strongly criticized the supposedly pro-China proposals by Tobgay's party (Druk Phuensum Tshorgpa –DPT), which prompted Delhi's government to threaten to cancel fuel and gas subsidies. Despite the fact that the decree was later reversed, only Prime Minister Modi's visit to Bhutan was able to restore diplomatic relations between the two states³.

India is Bhutan's major trade partner: 99 % of its imports and 90% of its exports come from the neighbouring country. In addition, Bhutan is one of India's main supplier of hydroelectric energy and it is planned that in the coming years Delhi will finalize the agreements to invest in the construction of three hydroelectric projects that will reach 4,400 MW. ⁴

Nevertheless, this excellent economic cooperation is overshadowed by political matters linked to border and security issues. The regular presence of insurgent camps from the northeast of India (specifically Assam armed groups) in southern Bhutan has destabilized the relations between the two states for years.⁵ The government has been fighting against Indian separatist groups for decades (ULFA, NDFB y KLO), which have established their base camps in the south of Bhutan.

Bhutan, which is totally dependent on India in security and defence matters, has a defence budget of 13.7 million dollars (1.8% of its GDP). Its military, supported by the local militia, receives information, training and defence equipment from India.⁶

An important issue which was left out from Modi's agenda during his visit to Bhutan is the dispute over the narrow Siliguri Corridor. This area is of vital importance to India as it is the only link with the Northeast, where many Indian states are permanently

³Institute of Peace and Conflict Studies IPCS, *Modi's Thimpu Visit: Deepening India-Bhutan*, 17 June 2014 .Available at

⁴<http://www.ipcs.org/article/india/modis-thimpu-visit-deepening-india-bhutan-relations-4521.html>

India's Neighbourhood ,*India-Bhutan Relations in the next two decades*,p.35 y ss.

Available at www.idsa.in/system/files/book_IndiaNeighbourhood.pdf

⁵ IZQUIERDO, María José, "Los rescoldos de la división del subcontinente indio: Assam, Manipur y Nagaland", Madrid, Ministerio de Defensa, 2014, p.345-370.

⁶Jane's , p. 1.

demanding independence and facing insurgency problems that are difficult to solve. In the same way as the Chumbi valley, which connects Bhutan, India and the frontier with China, the solution involves the development of communications infrastructure which would promote trade, as well as a greater coordination among the bordering states in the region.⁷

Likewise, China has been trying to extend its influence to Bhutan in order to reduce India's relevance in the country. Relations with China are also pending the drawing of a final border⁸. However, in spite of the numerous claims of Chinese soldiers and unmanned aircrafts entering Bhutanese territory since 2007, Beijing has built 6 new roads in the northern and north-eastern border. Also, since 2005, China has increased cultural actions and investment in health and education projects. For instance: the biggest statue of Buddha in the capital city, Thimpu, is being built by a Chinese company.

The protection of a privileged environment: tourism as an emerging economic sector

Bhutan's economy is fundamentally agricultural and almost 60% of its population is employed in activities related to this sector, although the figures are gradually decreasing. Its economic growth was fixed in 5.7 in 2014 but, if the agreements with India to build the hydroelectric plant are finally carried to term, experts foresee a fall in the poverty index, as well as an increase of up to 6.9% in its GDP.⁹

Tourism has become an important economic factor for Bhutan. The year 2014 registered 100,000 tourist visits, 31% more than the previous year, granting over 226 million dollars in convertible currency. Most visitors come from Thailand, although the arrival of tourists from China is rising significantly, unlike the timid increase of Indian tourists.¹⁰

⁷IPCS, op.cit.

⁸GARCIA, Ignacio, "China y su vecindario próximo. La prueba de fuego del desarrollo pacífico", Panorama geopolítico de los conflictos 2014, Madrid, Ministerio de Defensa, 2014, pp.371-402

⁹The World Bank 2015, *Bhutan Development Update*. Available at <http://data.worldbank.org/country>. Accessed 03.06.2015.

¹⁰Op. cit. p. 8-11.

However, although it is expected that tourism will become the second sector with the highest revenue in the country, Bhutan is largely aware of its ecological fragility. The country has an extraordinary natural heritage: its territory harbours over 70% of forests and 60% of protected areas, which has led to it being known as the Asian Switzerland. The monsoon rainfall, earthquakes and floods drawn from glaciers also make Bhutan a country with a high fragility index. In this sense, the impact of climate change on rising temperatures is increasing its ecological vulnerability.

Until the 1970s, the country remained relatively isolated and, even today tourist operators are having great difficulty turning Bhutan into a large scale tourist attraction. Mass tourism could threaten its vulnerable environment. In fact, its geographic location imposes certain restrictions for mass tourism. Bhutan, like the rest of the countries in the Himalayan region, must develop a sustainable management of its water resources and guarantee access to safe water for the entire population¹¹.

Tourist development is torn between the desire to liberalize the economy and the need to protect the environment and its peculiar culture.

Ethnic groups in Bhutan

In Bhutan there are 3 population groups: Ngalong or Drukpas, living in the western area of the country and linked to the current party in power (PDP) and which represents 50% the ethnic component; Sharchops, in the east, and Nepalese in the south. In addition, there are 17 small nomad groups coexisting in the central valleys of the country.

Drukpas or Ngaliungs are Buddhists from Tibet, as so it s the country's official religion. Buddhism coexists with Hinduism due to India's influence. In Bhutan there is a proportion of 75.3% Buddhism against 22% Nepalese Hinduism¹².

¹¹ ICIMOD, *The Himalayan waters: complex challenges and regional solutions*, en <http://www.icimod.org>.

¹²The World Factbook. Available at <https://www.cia.gov/library/publications/the-world-factbook/geos/bt.html> Accessed 23.06.2015

The most conflictive issue refers to Bhutanese refugees living in Nepal and Nepalese people living in Bhutan. Indeed, since the end of the 19th century there have been over 100, 000 dissidents living as emigrant workers in southern Bhutan. These are known as the "lhotshampa" movement, who constitute around 25% of the population. In the 1990s there were several episodes of violence with the security forces as a response to the legal changes introduced to obtain citizenship: the requirement of a code of conduct and a social etiquette of reaffirmation, called "driglamnamzha". After the conflict and the claim of ethnic cleansing, schools which taught either Sanskrit or Nepali were closed and have only been able to gradually re-open in recent years. Nevertheless, 80, 000 million people were forced to seek refuge in third countries and over 40, 000 are still in Nepal waiting for repatriation to their places of origin. In 2007, various states started to resettle Bhutan's refugees and, currently, more than half of the population lives in developed countries, although they continue to demand the government their return to their home country.¹³

Conclusion

The reestablishment of a constitutional monarchy in 2008 and the subsequent democratic reforms are transforming the country after a century of an absolutist regime.

Its geographic location marks both its trade relations and its geopolitics. Its border issues with its giant neighbours, India and China, remain without a final solution. India's current prime minister chose Bhutan as the start point of his diplomatic journey after his election in 2014, not only to consolidate the excellent economic relations between both countries, but also to ensure India's precedent position over Beijing.

¹³ Asia News, *Nepal: el primer ministro de Bután se niega a reunirse con los refugiados en su país.* 29/05/2014.

Available at <http://www.asianews.it/noticias-es/Nepal:-el-primer-ministro-de-But%C3%A1n-se-niega-a-reunirse-con-los-refugiados-en-su-pa%C3%ADs-31219.html>

Bhutan is coming out of its traditional isolation in order to join Southeast Asia's economic and global development. To develop a full integration in the region's economic and social upturn, Bhutan must take care of its great hydroelectric potential, without neglecting its environmental and social challenges: sustainable growth, migration and ethnic conflicts.

*Josefa Izquierdo Alberca
Analista del IEEE*