

BHUTAN-CHINA RELATIONS: TOWARDS A NEW STEP IN HIMALAYAN POLITICS

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There is an apparent paradox in Bhutan-China's relationship. The geographical location of Bhutan gives it both political and strategic importance in the Himalayan region. Bhutan has a long tradition of cultural and religious interaction with Tibet and shares a common border with China. Yet, the kingdom is China's only neighbour which does not have diplomatic relations with the People's Republic of China (PRC). Even trade and economic contacts between the two countries are very small and their common border remains closed.

However, the status quo resulting from the turmoil that followed the integration of Tibet in the PRC and the Sino-Indian border conflict in 1962 is about to change. Political contacts have been resumed since the mid 1980s. The two governments have been using the annual border consultations to exchange views on a wide range of bilateral issues. Both countries have interest in the normalization of their relationship. Yet, their perspectives are different. While Bhutan prefers to remain cautious according to the approach it has always favoured on the diplomatic scene¹, China is considering its relation with Bhutan as part of its "Western development strategy", that could allow Tibet to regain a central position in the Himalayan region.

The present paper places Bhutan-China relations in an historical perspective that shows the importance of the Tibetan factor. Linkage politics and perceptions of security in the context of India-China relations are also described. Though a sign of further détente in the region, the perspectives of normalization of Bhutan-China relations open a new step in Himalayan politics.

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¹ Thierry Mathou, "The Growth of Diplomacy in Bhutan 1961-1991: Opportunities and challenges", in "Bhutan: Aspects of Culture and Development", edited by Michael Aris and Michael Hutt, Kiscadale Asia Research Series n°5, Gartmore, Stirlingshire, Scotland, 1994

The Historical Perspective

Bhutan and Ancient Tibet

Historically, Chinese claims to Bhutan had been totally dependant upon Tibetan claims². For that reason, the Bhutan-Tibet relationship must be addressed in the first place. There are several cultural, social and religious similarities between Bhutanese and Tibetans, who have had many interactions for a long time. Tibetan influence had been a decisive factor in the evolution of Bhutan's social and political structures.

In the early 8th century, when Tibet was a military power, Tibetan armies invaded Bhutan. Tibetan lamas also arrived in the Southern Valleys³ where some Tibetans settled down and intermarried with local people. People of Tibetan origin became predominant in the western part of Bhutan. During the 9th century, Tibetan armies withdrew from Bhutan, but lamas kept on coming intermittently to Bhutan where they exercised both spiritual and temporal authority. These migrations were decisive in the conversion of the local people to Buddhism. Since that period, Tibet has remained a sacred land for most Bhutanese.

However, the most significant interaction between Tibet and Bhutan dates back to the arrival in Bhutan in 1616 of Zhabdrung Ngawang Namgyal, the prince-abbot of Ralung monastery. At that time, Bhutan had already social, economic and religious structures imported from Tibet. Trade had helped organize relations between different valleys as shown by iron-chain suspension bridges built by Thangtong Gyalpo, a famous Tibetan saint, who visited Bhutan during the 15th century. At that time Bhutan was not a unified country. Ngawang Namgyal, a refugee forced out from Tibet by the Tsangpa and Gelugpa rulers of Tibet, unified Bhutan. He secured his control over the western region and extended his power eastward. He successfully contended with local rulers, rival lamas and Tibetan troops that unsuccessfully kept on invading the Southern Valleys in the mid 17th century. Among his major achievements was the building of *dzong*, the fortified monasteries strategically located in the main valleys that serve both as centres of local government and administration and as state monasteries even today.

Despite the changes that occurred after the establishment of the Zhabdrung system, warfare remained the normal condition between

² See for instance "Yin Zi Xizang Tong Zhi, Shi Ba Shiji De Zhongguo Yu Budan De Guanxi" (General Register of Tibet. Relations between China and Bhutan, in the 18th century), p. 510-511, and "Xiao Fang Hu Zai Di Cong Cao" Volume III, "Kuoerka Budan Hekao" (Studies on Kuoerka Bhutan), Edited by Nan Qing He Wang, Author: Gong Chai from Ningbo. (Social Sciences Academy of China, Institute of Ethnological and Anthropological Studies, Beijing).

³ The term "Southern Valleys" refers to one of Bhutan's early name in Tibetan language (*Lho Jong*), when Bhutan was not a unified country, but only a territory located South of Tibet.

Bhutan and Tibet during the 17th and 18th centuries. The Gelugpa (yellow-hat)-dominated political system in Tibet intended to establish its authority over the entire Buddhist world in the Himalayas, while Drukpa (red-hat) Bhutan sought to resist. In 1731 the Tibetan ruler Polhane took the opportunity of Bhutan's internal turmoil to impose suzerainty on the Southern Valleys. Although Tibet occasionally claimed a legitimate right to interfere in local politics, there is no evidence of Tibet ever having practically implemented its rule in Bhutan.

The advent of the British East India Company on Bhutan's southern borders in the mid-18th century created a new situation. Bhutan and Tibet had similar concern that led to some degree of co-operation. After its defeat in the Anglo-Bhutan war over Kuch Bihar (1772-1773), Bhutan was forced to arrange the first British mission into Tibet. Thanks to Bhutanese authorities, Lt. George Bogle, who led the mission, visited the Panchen Lama in Shigatse. Bhutan was clearly perceived by the British as a trade and political channel to Tibet. From the advent of the monarchy in Bhutan in 1907 and the signing of Punakha Treaty in 1910, under which the Kingdom accepted British guidance of its foreign relations, to the independence of India in 1947, relations between Bhutan and Tibet continued, but under British influence both in Lhasa and Punakha.

It is clear from the above that Bhutan had a close, although often conflicting, relation with Tibet, including in the political field. Yet, these relations were mainly of cultural and religious nature. Tibet's rulers certainly considered Bhutan as a vassal. Occasionally, Bhutan even pretended to accept that situation in order to play down British influence. In 1946 for instance, the King of Bhutan wrote to the Viceroy and Governor General of India that Bhutan was very close to Tibet and that it had "acknowledged Tibetan sovereignty" up to 1860⁴. Some evidence could confirm such an interpretation. An annual payment to Tibet was due in recognition of its alleged suzerainty over Bhutan, and a Bhutanese representative was posted in Lhasa up to 1959 as part of a tributary relation. However the traditional Tibet-Bhutan relationship should not be interpreted in terms of "a superior/inferior syndrome, supposedly involving some form of Bhutanese vassalage to Tibet. The political elite of Bhutan may have been largely Tibetan in origin, but all of their ancestors came to Bhutan as political refugees and not as feudatories. Tibetan migration to Bhutan did not constitute colonization nor did it constitute an extension of Tibetan political authority into new lands in south of the

⁴ Srikant Dutt, "Bhutan's International Position", in *International Studies*, New Delhi, vol.20, n°3-4, July-December 1981, 604. And Parmanand, "The Politics of Bhutan: Retrospect and Prospect", Pragati Publications, New Delhi, 1992, p.160

Himalayan range"⁵. While the formal political relationship between the two countries can be described as independent, their religious and cultural relationship is more ambiguous. They both had theocratic political systems, the coexistence of which was misleading. Yet the situation was quite clear. "As the most prestigious of Buddhist reincarnates, the Dalai Lama received the greatest degree of respect and deference, but the gifts made to him by the Zhabdrung were not tributes. The most conclusive evidence of the limitations of Tibetan government influence in Bhutan is that no monastic institutions of the Dalai Lama's Gelugpa sect were ever allowed in Bhutan. Somewhat more complicated were the relations between the dominant Drukpa sect in Bhutan and its mother monastery in Tibet - Ralung. There was an implicit superior/inferior status in their traditional relation, but because the Drukpa sect was a subordinate sect in a Gelugpa-dominated political system in Tibet, this situation never created any political tutelage over Bhutan"⁶.

Bhutan and China Before 1949

Although Tibet had long constituted a threat to Bhutan's independence, the relationship between the two neighbours had been managed smoothly in the past. The insertion of a dominant Chinese influence in Lhasa in the late eighteenth century could have been a far more serious concern for Punakha, then the capital of Bhutan. Bhutan's geopolitical situation was made even more precarious by the coincidence between the expansion of Chinese influence in Tibet and the intrusion of British rule in North-Eastern India. Yet direct relations between Bhutan and China remained minimal.

These relations started after the establishment of the Chinese Ambans (residents) in Lhasa in the 18th century under the Qing dynasty. Chinese sources tend to indicate that Bhutan was a vassal of China. This assumption was based on the Tibetan ruler Polhane's alleged suzerainty on Bhutan that was supposed to have been passed on to Tibet's Chinese overlord. Chinese agents in Lhasa regularly echoed the sentiment that Nepal, Sikkim, Tibet and Bhutan all formed parts of the Chinese empire. There were a few instances in the 18th and 19th centuries when Chinese emperors bestowed patents of office upon various Bhutanese officials, including the Deb Raja⁷. Such actions, while unilateral, had no political consequences. Bhutanese never considered these symbols as proof of any

⁵ Leo E. Rose, "The Politics of Bhutan", Cornell University Press, Ithaca & London, 1977, p.58

⁶ Leo E. Rose, 60-61

⁷ Also known as "Druk Desi", the *Deb Raja* was the secular regent under the Zhabdrung system in Bhutan.

kind of suzerainty. A Bhutanese representative was posted in Lhasa where he regularly met Tibetan and occasionally Chinese officials. But there were no Bhutanese missions to Beijing similar to those sent periodically by Nepal which the Chinese records described as “tributary” in character. The Bhutanese missions went only to the Dalai Lama, and while they usually called on the Chinese Ambans in Lhasa, no letters or gifts were forwarded to the emperor in Beijing, not, at least, on a regular basis. The courtesy gifts to the Dalai Lama, or even the Amban had no political significance. In 1900 the Bhutanese even rebuffed Ma Chifu, an envoy of the Chinese Amban with a pre-emptory letter⁸.

Bhutan was probably concerned by the joint Chinese/Tibetan invasion of Nepal in 1792-1793. The Chinese commander, Fu Kang-an, requested the Bhutanese to assist him in his war against Nepal. Despite Punakha's refusal and Fu's protestation, no action was taken against Bhutan⁹. There are records of Chinese interventions in Bhutan in 1830, 1876, 1885, 1889 and 1905¹⁰. In February 1910, the Manchu government of China laid claim to Bhutan along with Nepal and Sikkim. Direct contacts between the two countries were also recorded under the Guomindang regime in 1940, 1943 and 1947. However, none of these contacts was politically substantial nor they proved any kind of subordination.

The China Factor in India-Bhutan's Relations

The Emergence of the People's Republic of China (PRC) : 1949-1962

The PRC has been keen to have good relations with Bhutan regardless of the status of Tibet. Beijing rapidly put aside the alleged Chinese historical sovereignty over Bhutan and preferred to use diplomacy rather than force. Indeed, Mao Zedong had been influenced by historical considerations. In 1930, he “openly declared that the correct boundaries of China would include Burma, Bhutan, Nepal, Taiwan, Korea and Ryukyu Island. These remarks were contained in the original version of the Chinese Revolution and the Communist Party¹¹, but were deleted from the later versions of the book with a view to avoid suspicions in the minds of the leaders of these countries”¹². China might have been interested in extending its influence on the southern range of the Himalayas, while secretly supporting the formation of a Himalayan

⁸ Sunanda K. Datta-Ray, "Return of the Dragon-I: Bhutan prepares to talk to China", *The Statesman*, new Delhi, 17 July 1981

⁹ Leo E. Rose, 62

¹⁰ Srikant Dutt, "Scholarship on Bhutan", *China report*, vol.17, n°5, September-October 1981

¹¹ *Current Background*, U.S. Consulate General, Hong-Kong, n°135.

¹² K.P.S. Menon, *China: Past and Present*, Asia Publishing House, Bombay, 1968, 21, Parmanand, 163

Federation including Nepal, Sikkim and Bhutan¹³. But this project was rapidly abandoned. After consolidating its control over Tibet, that made the PRC Bhutan's de facto neighbour, Beijing, who was fully aware of the Bhutan-Indian treaty of 1949, was even keener to treat Bhutan as an independent state. In 1953, Chinese gifts were sent to the Druk Gyalpo (King of Bhutan). In 1955, Chinese officers in Lhasa even decided to issue visas directly to Bhutanese citizens. Bhutan was also interested by a better relation with China. But the Royal Government of Bhutan (RGOB) never took any specific initiatives. Contacts existed but remained of casual nature¹⁴. Bhutan remained cautious if not suspicious as far as Chinese intentions were concerned. In 1958 there were some rumours about the discovery, in the Tawang district in Northeast India, of a reincarnation of the Zhabdrung, a potential challenger to the Bhutanese monarchy. Some unsubstantiated reports even mentioned that this reincarnation was brought to Tibet where Bhutanese opposed to the King tried to win support from China against the Bhutanese monarchy.

The outbreak of a revolt against the Chinese in Tibet in 1954-1955 had direct consequences on Sino-Bhutan relations in the general framework of growing tension between China and India. One of the Khampa rebellion's strongholds was located in the area of Tsona, in Central Tibet, not far from the Bhutan border. It was in that context that Nehru decided to make a visit to Bhutan in September 1958 in order to convince the Royal Government of Bhutan to end its isolation policy. Planning the construction of a strategic road between India and Bhutan was one of Delhi's priorities in the region. Despite its own concern over the situation in Tibet, Bhutan was cautious not to be dragged into the emerging big-neighbours confrontation. Consequently the RGOB was in favour of a wait-and-see policy. However the rapidly deteriorating situation in the North made it more and more difficult for Bhutan to resist Indian solicitations. In 1959, the PRC occupied eight Bhutanese enclaves in western Tibet. In 1959, the Dalai Lama escaped to India through the Chumbi valley directly adjacent to Bhutan on the East. Large numbers of Tibetan refugees started to pour into Bhutan. The descriptions they made about Chinese misconduct in Tibet had a strong impact on the Bhutanese.

Bhutan tried to resist the outside pressure. The King was fully aware of the strategic position of his country. He understood the Indian

¹³ Manorama Kohli, "Bhutan's Strategic environment: Changing Perceptions", *India Quarterly*, New Delhi, vol.42, n°2, April-June 1986

¹⁴ During the 1960s a Bhutanese lama was stationed in Tibet in an informal capacity. Members of the influential Dorji family while in exile in Hong Kong and Kathmandu were said to have contacts with Chinese representatives. (Parmanand, 164)

approach. Yet he insisted that Bhutan was not an Indian protectorate and that the 1949 treaty did not contain any clause relating to defence. In 1960, he referred to Bhutan's relations with China as "friendly and peaceful". In 1961, he indicated that Bhutan did not "want to be either friend or enemy of China"¹⁵.

During the Spring of 1960, the Chinese offensive was brought directly to Tsona district. By the end of 1960 Chinese border guards were reported to patrol along the frontier. Some of them even made small-scale incursions into Bhutanese territory. Although these incursions did not reveal any military intention from the Chinese, they demonstrated the uncertainty on their part as to the actual location of the border. In 1961, the publication of a new map depicting China's version of the border along the entire Himalayan frontier showed several discrepancies with previous maps, and potential territorial disputes. A controversial map had been already published in July 1958 in the *China Pictorial* magazine denoting large tracts of Bhutanese territory - the entire Trashigang area in the east and a substantial portion of territory in the Northeast - belonging to China. These discrepancies received a large publicity in India. New Delhi increased its pressure for the opening of Bhutan that was considered as one of the most vulnerable sectors in the Indian security system.

Eventually, Bhutan accepted to reply to Indian request. Various economic-aid agreements were signed between the two countries, including the planning of a major road project linking India to central Bhutan. The Indian Army was formally entrusted with a responsibility of training the Royal Bhutan Army that was a *de facto* included in the Indian security system. In 1960, several months before India did the same, Bhutan decided a total ban on trade with Tibet. Bhutan withdrew its representative in Lhasa and its officer in western Tibet. The embargo had decisive influence on the Bhutanese economy, which had long depended upon the Tibetan market, and was forced to adjust to the global shifting of trade structures that followed the opening of the road to India in 1963. It meant closing all the traditional outlets for the country's surplus rice and depriving weavers around the Bumthang area with Tibetan wool.

During that period, China's policy toward Bhutan varied from intimidation to seduction. China was reported to have offered economic assistance to Bhutan that preferred not to respond. On several occasions, Beijing tried to convince Thimphu that China had no aggressive intentions against Bhutan and that it was prepared to settle the border

¹⁵ "Borders of Bhutan: Peking's bid for direct talks". *The Hindu*, New Delhi, January 31, 1961.

dispute through direct negotiations. Beijing had no intention to involve Delhi in solving that issue. Although Bhutan considered that its acceptance of the guidance of India on its external relations, under the 1949 Indo-Bhutanese Treaty, did not prevent direct discussions with China, the situation prevailing in the region was not in favour of such policy. Bhutan preferred the issues in dispute with China to be raised in the Sino-Indian border talks held in 1961. Yet these issues were never discussed as Beijing refused to include them in its discussions with Delhi. Premier Chou Enlai only mentioned in one of his communications to Nehru that China wanted to “live together in friendship with Bhutan without committing aggression against each other”¹⁶.

Bhutan and the 1962 Sino-Indian Border Conflict

The tension between India and China eventually erupted into a border war in October 1962. Although Bhutan did not take part in this war, its territory was adjacent to the battlefield. Decisive combats took place in the Kameng district in NEFA (North-East Frontier Agency), just on the east of Bhutan. The RGOB was fully aware that an extension of the conflict could easily involve its territory. A strategic pass formed by a trans-Himalayan tributary of the Manas river, located on the Tibet-Bhutan border in Kameng district, was essential to Chinese strategy, should Beijing decide to continue military operations in NEFA. Fortunately for Bhutan, the war was brief. Chinese offensives were decisive. Indian forces were rapidly overwhelmed and had to retreat through the Trashigang area on Bhutanese territory. Eventually, China decided a unilateral cease-fire and withdrew its forces north of the main Himalayan range. This decision came as a relief for Bhutan.

Although brief, this war had important consequences in the power balance in the Himalayas. Bhutan could have reassessed some aspects of its diplomacy in the region. It was clear since the 1950s that China had not renounced to have direct influence in the southern Himalayas. While India had implicitly recognised China's sovereignty over Tibet in 1954, China criticised the close-up between Sikkim and India and encouraged Nepal's dual diplomacy. After the Sino-Indian conflict, some in Bhutanese elite circles, especially in the National Assembly, seemed to be in favour of a balanced diplomacy between India and China. Such diplomacy was supposed to be based on an equal friendship with Delhi and Beijing forged on the Nepali model. The RGOB however did not even consider this option, at least for three reasons. Bhutan was more sensitive than Nepal regarding the fate of Tibet. Common socio-religious

¹⁶ Parmanand, 164.

origins with Tibetans and historical factors made Bhutanese highly concerned with Chinese strategy in the Himalayas. Bhutan and Nepal had different treaty relations with India. Bhutan was also very critical regarding the so-called Nepali model. "Nepal had succeeded in creating a more positive international image abroad. But much of this was a mirage, as later developments demonstrated, and the price paid both politically and economically was very high". Bhutan refused to become an arena of big-power competition. It "believed that it could attain as positive results in a more gradual and less dramatic approach. The Bhutanese foreign-policy strategy was based upon the assumption that New Delhi would not obstruct the gradual expansion of Bhutan's relations with the outside world if this could be accomplished without undermining India's regional and security interests"¹⁷. Later developments proved Bhutan's option to be valid. Bhutan joined several international organisations including the United Nations, with Indian support, and pursued a cautious but pragmatic and effective diplomacy. As far as relations with Beijing were concerned, Thimphu preferred the status quo and chose to await the improvement in Indo-China relations to reassess its China policy.

Linkage Politics and Perceptions of Security

Although risks of direct confrontation rapidly disappeared after the end of the Sino-Indian conflict, Bhutan remained cautious during the 1960s vis-à-vis China. There were reports of China building roads and setting up military installations in border areas. Traditional grazing, along the Chumbi valley, formerly a Sikkimese possession, where yak and cattle follow the pasture, created friction between Bhutanese and Tibetan herdsman. Although unsubstantiated, rumours about an alleged involvement of pro-Chinese elements in the assassination of the Bhutanese Prime Minister Jigme Dorji also circulated in 1964.

The spirit of détente in the early 1970s influenced to some extent Bhutan's China policy. With India feeling responsible for the protection of the borders of Bhutan, the kingdom had better wait for the improvement in Sino-India relations. The RGOB had strong reservations concerning possible interactions with China. Yet pragmatism commended some form of normalisation between the two countries. Bhutan had to solve very practical issues. The first related to the formal delimitation of the 200-miles Sino-Bhutan border. The boundary had never been demarcated in the past. Officials and local people had a clear

¹⁷ Leo E. Rose, 82

understanding of territory limits only for areas adjacent to major pass traditionally used by traders. The rest of the frontier was largely unknown and nobody has expressed any interest for the demarcation of territorial jurisdictions prior to 1959. It is precisely in these unknown areas where difficulties arose during the 1960s. High-altitude pasturelands located on the border were periodically the cause of disputes between Bhutanese and Tibetan herders. Such disputes were not only of a casual nature. Beijing's policy in the Himalayan frontier region was to claim disputed areas on the basis of usage by Tibetans. China periodically indicated that it was ready to reach a boundary settlement with Bhutan through direct bilateral negotiations. Although Bhutan could agree with this objective, its treaty commitments to India made the Chinese approach infeasible before a complete normalisation of Sino-Indian relations.

Bhutan and the Tibetan Question

Apart from the Indian factor, the Tibetan question is an important element to be considered in the perspective of an evolution of the relations between Bhutan and the PRC. In some respects, the complexity of the relations between Bhutan and ancient Tibet has survived through the ages. The Drukpa sect has remained totally independent from the Gelugpa establishment. The relations between Bhutan and the Tibetans in exile must be addressed in that context. Bhutan's policy towards Tibetan refugees has not been designed in order to fit Chinese interests. The Chinese authorities however have all reasons to be satisfied with the RGOB's policy that exclude all kind of official contacts with Dharamsala. Surprisingly enough, the Dalai Lama, who travels a lot, has never visited Bhutan. As the only Mahayana Buddhist state in the world, with strong cultural, religious and historical links with ancient Tibet, Bhutan has sympathy for modern Tibet. However the RGOB has never advocated a pro-active policy on the international scene in favour of the Tibetan question.

Tibetan refugees, including a few with marital ties to prominent Bhutanese families, who started pouring into Bhutan from 1959, were first welcomed in the Kingdom. Cultural and religious relations facilitated their installation. The RGOB even distributed land. During the 1960s, the Tibetan community prospered in Bhutan. Several Tibetans started businesses and opened shops in Thimphu, Trongsa, Trashigang and Bumthang. In 1973 the Tibetan community in Bhutan represented approximately 6,300 refugees. There were eleven Tibetan monasteries in

Bhutan¹⁸. Difficulties began in the late 1960s. The situation became critical during the mid 1970s¹⁹. Tibetans became a factor in domestic politics and were regularly suspected to have helped foment some of Bhutan's internal upheavals. Although they respected Bhutan's political and religious institutions, their primary allegiance was towards the Dalai Lama. From the RGOB point of view, the risk was real to see Bhutan become a shelter for Tibetan political activists who could use the Bhutanese territory to back up actions against China. Suspicion was nurtured by the influence of Tibetans in business circles and in the entourage of the King that created resentment and jealousy. That situation coincided with an atmosphere of conspiracy that prevailed on the internal scene²⁰. The arrival of new refugees forced the RGOB to take action in order to clarify the situation of the Tibetans in Bhutan. Refugees were pouring into Bhutan in numbers quite beyond the capacity of the RGOB to handle. In 1979, the National Assembly decided that Tibetans who had arrived in Bhutan after 1959, had to choose between becoming Bhutanese citizens and leaving the country. About 2,300 people accepted to make allegiance to the Druk Gyalpo and therefore became Bhutanese citizens. The situation of the remaining 4,000 refugees proved to be a difficult question to be solved. In the early 1980s, the Dalai Lama regularly touched this issue while visiting Western countries. Some members of the National Assembly proposed to expel refugees who refused to become Bhutanese. Such a drastic solution was not consistent with Bhutan's principles and tradition. Therefore, the RGOB preferred to negotiate their departure with India. Half of the refugees eventually settled in India, while the others scattered in the west, mainly in Europe and North America. Since that period, the Tibetan question did not surface in international politics.

Bhutan and the People's Republic of China: Towards Normalisation

First Official Contacts

The establishment of official contacts between Bhutan and the PRC has been a slow and cautious process. In 1971, Bhutan joined the United Nations and voted in favour of giving to the PRC the Chinese seat in the

¹⁸ Tibetans in exile, Information Office of His Holiness the Dalai Lama, Dharamsala, 1981

¹⁹ Kuensel, February 29, 1976.

²⁰ The family of Yangki, the once influential Tibetan mistress of the late king, was allegedly associated with the assassination of the Prime Minister in 1964. In 1974, a Tibetan connection (that could have included the Dalai Lama's own brother) was also suspected to be part of a plot to murder the King. None of these allegations however, have been proved so far.

Thierry Mathou, *Bhutan; dernier royaume bouddhiste de l'Himalaya*, Editions Kailash, Paris, 1998, 172.

UN. Both countries had occasions to interact with each other, through their mission to the UN in New York.

In 1974, China, along with few other countries²¹, was invited to the coronation of King Jigme Singye Wangchuck. It was a unique opportunity for Bhutan to assert its personality on the international scene. The Chinese delegation was led by Ma Muming, *chargé d'affaires* and interim of the Chinese embassy in New Delhi. Ma's visit to Thimphu was described by Xinhua News Agency as a "new page in the friendly contacts between the two countries". The Chinese congratulatory message emphasised the "desire of the Bhutanese government in developing its economy and safeguarding its national independence"²². The invitation of a Chinese delegation in Thimphu was a clear message showing that Bhutan was ready to normalise its relations with China, assuming that India had agreed with that process. A few years later in 1977 and 1979, the visit to China of the Bhutanese ping-pong team provided other opportunities of interaction.

In 1974 Bhutan's Survey Department examined claims and historical records. In 1976, the National Assembly began discussing the boundary issue and the prospects of negotiation. Although steps made during the 70s were significant in order to create a favourable atmosphere with China, Bhutan had to still adjust its initiative to Sino-Indian relations. A first and positive signal came in 1979 when the Janata government in New Delhi, promoted its policy of "beneficial bilateralism" that paved the way of a normalisation of relations between India and the PRC. At that time members of the National Assembly in Thimphu pleaded for the establishment of direct contacts with China. Their request was not inspired by a pro-China stand. It was merely motivated by the growing number of grazing incidents on the Sino-Bhutan border. In 1979 intrusions were found to be on a larger scale than in former years, and the need for negotiation became urgent. It was precisely that year that Bhutanese and Chinese leaders started to exchange annually congratulatory messages on the occasion of National Days. Although it was a formal protocol such practice symbolised a new step in Bhutan-China relations.

Thimphu did not consider that its move towards China had to be submitted to a formal authorisation from New Delhi. Yet the RGOB was keen enough to inform India. Incidentally, the official announcement of Bhutan's intention to have direct and bilateral discussions with China on border issues was made by the Bhutanese foreign Minister, Lyonpo

²¹ The only representatives allowed to attend the crowning ceremony were those of Bangladesh, China, India, Sikkim, the Soviet Union, and the United States.

²² Parmanand, 169

Dawa Tsering, in June 1981, after a visit in Thimphu by the Indian Minister for External Affairs V.P. Narashima Rao, and before a visit in New Delhi of the Chinese Foreign Minister Huang Hua. In 1983, Chinese State Councillor and Foreign Minister Wu Xueqian and Bhutanese Foreign Minister Dawa Tsering met in New York and held consultations on developing bilateral relations.

The Boundary Issue

The first round of talks on the boundary issue was held in Beijing in April 1984. From 1984 to 2002, Bhutan and China have had sixteen such rounds, alternatively in Beijing and in Thimphu. The 16th was held in Beijing in October 2002. From the 1st to the 5th round of talks, the Bhutanese delegation was led by the ambassador in New Delhi, while the Chinese delegation was headed by a Vice Foreign Minister. Subsequently the level of the talks was upgraded. Starting with the 6th round of talks in 1989, the Bhutanese side was led by the Foreign Minister, and the Chinese side by a Senior Vice Foreign Minister. More recently the involvement of heads of state and government has added solemnity to the process. When in Thimphu, the Chinese delegation is granted an audience with the King. While in Beijing, the Bhutanese delegation has a meeting with the Prime Minister.

Progress has been slow. During the first ten rounds of talks, both sides "have reached consensus on the guiding principles on the settlement of the boundary issues and narrowed their differences"²³. In 1996, the Survey of Bhutan had reported that the Chinese were constructing roads and started logging operations in the areas under discussion. Bhutan expressed its concern over these developments at the 11th round of talks in Beijing in 1996. The Chinese at that time had proposed that the two sides sign an agreement of friendship between them. But since the Bhutanese delegation had no authority to do so, it was postponed to the 12th round of talks in Beijing on December 8, 1998. On that date, Bhutan and China signed an "Agreement on Maintenance of Peace and Tranquillity in Bhutan-China Border Areas"²⁴. This was an important step not only for border talks but also for the global relation between the two countries, which signed their first ever inter-governmental agreement. Bhutan and China agreed that prior to the ultimate solution of the boundary issues, "the status quo of the boundary

²³ "Agreement between the Government of the People's Republic of China and the Government of the Kingdom of Bhutan on the Maintenance of Peace and Tranquillity Along the Sino-Bhutanese Border Areas", December 8, 1998, Article 2, Ministry of Foreign Affairs of the People's Republic of China, Beijing.

²⁴ See Appendix for the full text of that agreement.

prior to March 1959 should be upheld". China reaffirmed that it "completely respects the independence, sovereignty and territorial integrity of Bhutan. Both sides stand ready to develop their good-neighbourly and friendly co-operative relations on the basis of the Five Principles of Peaceful Co-Existence." Despite remarks from Indian scholars relaying protests from some leaders of the Bhutanese opposition who pointed out "Bhutan's playing of China-card against India", this agreement did not seem to provoke much discomfort in New Delhi.

Obviously, the primary objective of the annual talks has been to find a solution to the boundary issues. In 1959 one of the disputed territory was identified as covering an area of about 600 square kilometres, located in the northeast of Bhutan along the Mac-Mahon line²⁵. It included the Tashigang area and corresponded only to the eastern sector. At that time, the Chinese requests were very vague, and were not well documented. They became more accurate after 1962. Disputed territories also included enclaves²⁶ identified by the name of nine villages located on the west bank of the Nyamjang Chhu²⁷: Khangri, Tarcheng, Checkar, Jangtong, Tussu, Janghi, Dirafoo, Chakop, and Kachan. The exact extent of the disputed territory has not been publicised. It is only recently that more detailed information has been released through debates at the National Assembly in Thimphu. According to debates that took place in July 2002 there were basically four disputed areas: "Starting from Doklam in the west the border goes along the ridges from Gamochen to Batangla, Sinchela, and down to the Amo Chhu. The disputed area in Doklam covered 89 square kilometres. The disputed areas in Sinchulumpa and Gieu covered about 180 sq. km. The boundary line in this area starts from Langmarpo Zam and goes along the stream up to Docherimchang and up the ridge to Gomla from where it goes along the ridge to Pangkala and then down to the Dramana stream. From Dramana, the boundary goes up to Zingula and then follows the ridgeline down to Gieu Chhu from where it goes to Lungkala. In the middle sector in Pasamlum, the boundary goes along the ridge to Dompala and to Neula. From Neula, the boundary follows the ridge line to Kuricchu Tshozam, and then follows the ridge line to Genla from where it goes to Mela and onwards to the east"²⁸. As a result of the talks, the disputed territory had been reduced from 1,128 sq.km to 269 sq.km in three areas in the north-western part of Bhutan. After the interim agreement was signed in 1998, the "Chinese government had responded immediately to the problem of

²⁵ Asian Recorder 19-25 September 1959

²⁶ These enclaves were supposed to be Bhutanese territory since the 17th century.

²⁷ Asian recorder 3-9 December 1960

²⁸ Kuensel, July 5, 2002 (80th National Assembly debates)

the mule track and timber extraction in Pasamlum. The agreement also helped settle the complaints that Tibetans crossing into Bhutan searching for medicinal herbs, were given severe and unwarranted punishment at Pasamlum by the Bhutanese border security"²⁹.

The Chinese approach on border talks with Bhutan has been quite similar to the one it had taken earlier with Nepal, and has proposed once to India on the Sino-Indian boundary, with preference for a "package deal" rather than a sector-by-sector settlement. Although discussions have progressed since the signing of 1998 agreement, Bhutan has been reluctant to precipitate the conclusion of the negotiation as new concerns arose.

During the 14th round of talks held in Beijing in November 2000, Bhutan extended the claim line of the border beyond what the Chinese government had initially offered. The proposed extension of the border along the three sectors under discussion were in Doglam, Sinchulumba and Dramana areas. The RGOB "had felt that the earlier agreement was not acceptable to Bhutan and felt that some changes had to be made in the claims"³⁰. During the 15th round of talks, held in Thimphu in December 2001, the Chinese negotiator, Vice Foreign Minister Wang Yi said that the "boundary issue had, by and large, been resolved". The Bhutan side mentioned "considerable progress". At the end of 2001, it was generally admitted that the "discussion was close to final resolution"³¹.

In July 2002 however, the Bhutanese Foreign Minister Lyonpo Jigmi Y. Thinley told the National Assembly that the Chinese had "claimed to have documentary evidence on the ownership of the disputed tracts of land. When Bhutan asked them to be generous with a small neighbour like Bhutan they said that, as a nation which shared its border with 25 other countries they could not afford to be generous with one particular neighbour. The Chinese government, including the Prime Minister, were unhappy and questioned why Bhutan was raising new issues after many years of talks"³². Although no details have been released regarding these "new issues", it is clear from debates in the National Assembly, that Bhutan still has serious concern regarding some aspects of the border issue. The western sector has been the most debated. It is not only a question of technical delimitation but also a security issue. The vicinity of the China-India border has to be taken in account. Members of the National Assembly have expressed their concern about "the existence of

²⁹ Kuensel, July 5, 2002 (80th National Assembly debates)

³⁰ Kuensel, July 5, 2002 (80th National Assembly debates)

³¹ Kuensel, November 3, 2001, p.6

³² Kuensel, July 5, 2002 (80th National Assembly debates)

Chinese military camps in the disputed regions in the western part of the country". Although there are no direct links between border talks with China and militant insurgency in the south, the issue is of particular importance considering the current security problems on Bhutan's southern border with India, which provoked angry reaction and suspicion in the National Assembly.³³ During its last session, the National Assembly also expressed concerns over the regular encroachment into Bhutanese pasture land by herdsmen from Tibet, which has become a recurrent problem.

As noticed by the Bhutanese Foreign Minister himself, "the Chinese side has been keen to go beyond Bhutan's setback"³⁴, which proves Beijing interest and willingness in normalising its relations with Thimphu. After the 16th round of talks, the Bhutanese side conceded that the "subject matter was rather complex, so both sides would continue to work towards finding a solution"³⁵. It was agreed therefore to bring technical experts to decide which part of the territory was Bhutanese and which part was Chinese and to depict the claims on a map. Both sides decided to use common names of the disputed areas to avoid confusion. In June 2002, the Bhutanese Home Secretary led an expert team to China for the first meeting of the expert group. Technical discussions have to be pursued. The next round of border talks is to be held in Thimphu during the Fall 2003.

Bilateral Relations

Sixteen rounds of talks have proved so far that Bhutan and China are capable of dealing with a mature relation. Official contacts between the two countries have been growing through both direct and multilateral channels. The two countries have been using the annual consultations to exchange views on ways to expand bilateral relations. Chinese authorities have regularly expounded the basic principles of their policy towards Bhutan, expressing that "China cherishes the traditional friendship between the two people, attaches importance to the friendly relations between the two countries, respects Bhutan's independence and sovereignty, and adheres to the principle of non-interference in Bhutan's internal affairs". China has been hoping "to gradually increase bilateral contacts, and welcome Bhutanese friends to China to do business, to carry on observations, to make pilgrimages or to

³³ In 2000, sources from Assamese press suggested that arms had been supplied to the rebels in Southern Bhutan, from China, inter alia, through Burma and via Chittagong port in Bangladesh. Yet these allegations have not been documented.

³⁴ Kuensel, July 5, 2002 (80th National Assembly debates)

³⁵ Kuensel, February 7, 2003

visit relatives and friends". On the political front, Chinese authorities have noticed that "since 1995, Bhutan had supported China in defeating anti-China drafts at the UNHR Conference". On the Taiwan question, Beijing has been praising Thimphu for "supporting one-China policy"³⁶.

Although limited, relations have been developing recently. From 1994, Chinese ambassadors to India regularly paid working visits to Bhutan and exchanged views with the King and Foreign Minister on ways to further develop bilateral relations. In June 2000, Bhutanese Ambassador to India visited China. These visits have opened up a new channel of contacts other than the boundary talks. Other occasions have also been used to deepen mutual understanding in religious, cultural, political and technical fields. In 1990, Bhutan sent a delegation to take part in the 11th Asian Games held in Beijing. In 1995, Bhutanese Princess Sonam Choden Wangchuck attended the 4th World Women Conference held in Beijing. In July 2001, a delegation led by the Bhutanese Foreign Secretary visited Beijing and other places in China. So did the speaker of Bhutan's National Assembly who attended the conference for peace of the Asian parliaments held in Beijing and Chongqing in April 2002. At this occasion, he visited different places in China, including Tibet. Exchanges have also developed at the experts level. Bhutanese experts recently attended seminars in China in fields like security and development of small hydropower. Chinese experts have been visiting Bhutan to identify sectors of co-operation in disaster management and environment conservation audit policy.

Sino-Bhutanese trade is very small. In 2002, China's export and import from Bhutan amounted only to US\$ 637.000 including US\$ 616.000 for Chinese exports.^{37 38} Co-operation in areas such as culture and education have not started yet. In 2001 China offered to provide government scholarships to Bhutan, but Bhutanese students still have to learn Chinese. In 2000, the two governments reached agreement on preserving the Bhutanese honorary consulate in China's Macao Special Administration Region, but individual exchanges remain minimal.

³⁶ Ministry of Foreign Affairs of the People's Republic of China, official web-site (www.fmprc.gov.cn).

³⁷ Sources: China Customs Administration, Beijing.

³⁸ Trade even decreased of 60,6% from 2002 to 2001. In 2001, China's export and import from Bhutan amounted to US\$ 1,62 millions, including US\$ 1,60 millions for Chinese exports. As a comparison trade between China and Nepal amounted to US\$ 153,21 millions in 2001, and US\$ 119,37 millions in 2002. (Sources: China Statistical Yearbook. National Bureau of Statistics of China, China Statistics Press, Beijing, 2002.6.)

Perspectives and Challenges

There is no doubt that the process that started in 1984 will eventually result in establishing diplomatic ties between Bhutan and China. Both sides agree that reaching this step will depend on the solving of the border question. The Indian factor will also remain a key element in Bhutan's China policy. While Bhutan and China have common interest in the normalisation of their bilateral relations, their perspectives remain different.

China would like to normalise its relations with Bhutan as soon as possible, as shown by its acceptance in overcoming its neighbour's setbacks while discussing border issues. From China's point of view, resuming trade with Bhutan is part of an overall strategy in the Himalayas, which has been framed in the global context of the development of China's western provinces. The resumption of trans-Himalayan trade is a key element of that strategy. China has already border trade with Nepal. During Indian Prime Minister Atal Bihari Vajpayee's recent visit to Beijing³⁹, China and India signed a Memorandum of Understanding on Expanding Border Trade. According to this MoU, both countries agreed to open trading posts on the Sikkim-Tibet border through the Nathu-la Pass. This has been a long awaited decision that could have important consequences on the whole region including on neighbouring Bhutan.

This MoU is a first step. China has not formally recognised the incorporation of Sikkim into India and the resuming of border trade will take time. It is too early to predict all its implications. On the long term, Gantkok would be probably better located than Thimphu or Paro to become a trade hub should trans-Himalayan trade resume on a large scale in the region. Yet, the reopening of a trading post on the Sikkim-Tibet border will have impact on Sino-Bhutan relations. Historically the Kalimpong-Lhasa trade route and its extension to the port of Calcutta

³⁹ Indian Prime Minister Atal Bihari Vajpayee made a six days official visit to China in June 2003. Several agreements were signed during this visit that attempted to address one of the most crucial matters of contention between both countries over the last half a century, their manner of co-existence in the Tibet-Himalayan region. Among these agreements, one of the most significant is the "Memorandum on expanding Border Trade" signed on 23 June 2003. Following is the full text of article 1 and article 2 of this MoU:

- Article 1 "The Indian side agrees to designate Changgu of Sikkim state as the venue for border trade market; the Chinese side agrees to designate Renqinggang of the Tibet Autonomous Region as the venue for border trade market". (*Renqinggang, also known as Rinchengang, is located south of Sharsingma in Yadong country.*)

- Article 2: "The two sides agree to use Nathula Pass as the pass for entry and exit of persons, means of transport and commodities engaged in border trade. Each side shall establish checkpoints at appropriate locations to monitor and manage their entry and exit through the Natula Pass."

have generated considerable wealth in Central Tibet and north India. Bhutan was at the forefront of this route.

The reopening of the Yadong area has been listed as a priority in the Tibet Autonomous Region (TAR)'s 10th Five-Year Plan (2001-2005)⁴⁰. Yadong, which is adjacent to Bhutan on the east, used to be the region's largest land port⁴¹. The TAR expects an increase by 15% annually of its border trade⁴², when Yadong is reopened. From the Chinese point of view, such a move will not only boost the economy in Tibet but will also fuel foreign trade in China's western areas, such as Qinghai and Gansu provinces and the Xinjiang Uygur Autonomous Region. Currently, exports from these areas to South Asian countries have to go through Guangzhou or Hong Kong. Through Yadong, the transportation distance will be shortened by more than 9,000 km. There are direct roads linking Yadong and India's seaport Gandhinagar, which could facilitate imports and exports from China's western provinces to South-east Asia and European countries. The Lhasa-Kalimpong trade route is about one third shorter than the Lhasa-Kathmandu axis that currently links Tibet with South Asia and it is geographically more easily accessible. With the opening of the Qinghai-Tibet railway, Yadong is expected to play an even more important role in the development of China's western areas. To prepare for the opening, the TAR has planned to invest 6 billion yuan (US\$726 million) in improving the road from Shigatse to Yadong during the Plan.

On the Indian side, Sikkim has been drumming up support to press New Delhi to reopen its historic route to Tibet. The local government welcomed the MoU recently signed in Beijing. The Sikkim Chamber of Commerce feels exports to Tibet could touch 10 billion rupees (US\$ 203 million) from the current figure of zero once the trade corridor is open⁴³. Trade will probably start modestly. Sikkim will trade mainly in vegetables, oils and household items, which are in great demand in Tibet. Yet the move is widely expected to start a new chapter in Sino-Indian

⁴⁰ "Tibet plans to reopen land port in Yadong. Region aims to use border trade to fuel economy", China Daily, May 23, 2001, Beijing

⁴¹ Yadong is the Chinese name both for Dromo country in the TAR, and this country capital known as Sharsingma in Tibetan. The Yadong country comprises the valley of the Amo-chu (or Dromo Machu) River, also known in neighbouring Sikkim as the Chumbi valley, and the parallels valleys of its more westerly tributaries, that converge at Sharsingma, before flowing into the Haa district of West Bhutan. It is strategically located on the old trading route linking Tibet to Paro in West Bhutan via Tremo La pass, and the various westerly trails, which penetrate the Dongkya range to enter Sikkim. The area has been closed in 1962.

⁴² In 2000 Tibet registered a border trade volume worth US\$110 million (78,5% of the total regional foreign trade).

⁴³ Reopening of corridor to Tibet boosts Indian state's prospects. Pratap Chakravarty. AFP, June 27, 2003

trade. It potentially means a global boost for local economies in the TAR and northeast India.

The resuming of trans-Himalayan trade between Tibet and Sikkim will not have immediate consequences for Bhutan, at least on the short term. It is very unlikely that the old Bhutan-Tibet trade pattern would re-emerge. As noted by Leo. E. Rose in 1974, "a whole new Bhutanese trade pattern has emerged since 1960, based upon ready access to India as both a market and a source of supply, and any change in this trade structure would be highly disruptive to Bhutan's economy. The removal of the embargo with Tibet, therefore, would have at best a limited impact of Bhutan's trade system, except possibly in the sparsely populated but highly strategic northern border areas"⁴⁴. Although these remarks remain valid, the situation has changed since the 70s, mainly in Tibet. The case of Outer Mongolia, which economy has been partly reoriented towards China after the collapse of the USSR, shows that Chinese products can rapidly spread on a new market. In the case of Bhutan, such a pattern would imply the building of roads on Bhutan's underdeveloped northern border areas. China would probably be ready to finance such projects as it did in Nepal. However, it is unlikely that Bhutan would consider this option, at least in the current context. In any case, the resuming of border trade with China, would allow landlocked Bhutan to have new and promising economic perspectives. As a matter of fact, Bhutan will have to assess the potential consequences for its own economy of the recently signed Sino-Indian MoU on border trade.

As the number of Chinese visitors in Tibet has been increasing dramatically for a few years⁴⁵, Chinese tourism in Bhutan could also become an option as part of the growing interest of China for its neighbour. As a matter of fact, Chinese media are starting to unveil the charms of Bhutan to the Chinese public who largely ignores even the existence of the Kingdom.⁴⁶

Another aspect to be considered in Bhutan's China policy concerns the resumption of religious links between Bhutanese and Tibetan monasteries. As noticed earlier there was no political dimension in the traditional relationship that existed in ancient times between the Gelugpa-dominated theocracy in Tibet and the Drukpa in Bhutan. Yet, various exchanges had existed through times, via pilgrimages,

⁴⁴ Leo E. Rose, 95.

⁴⁵ Tibet received 850,000 visitors in 2002, up nearly 25 percent from the previous year. The increase was largely due to a significant rise in the number of domestic visitors, who numbered 720,000 in 2002 (Tibet Tourism Bureau)

⁴⁶ An example can be found in a rather extensive article (2 pages) that was recently published in the *Nan Fang Zhou Mo* (South Week-end) under the title "Budun: Yun Zhong De Guo Du" (Bhutan: the country in the middle of the clouds), p. 30-31, 2003-3-27

reincarnations who were discovered indifferently in Bhutan or Tibet, retreats in monasteries, and visits of great lamas. Apart from the trade embargo, the closing of the border in 1962, meant also a religious embargo on Tibet. Moreover, all family links that existed between Bhutanese and Tibetans have been put aside. It is somehow surprising when travelling to Bhutan, to feel and to be so close to Tibet and to realise that the younger generations, who never had the opportunity to travel to Tibet, have little knowledge of their northern neighbour which has become a foreign land.

China is willing to "welcome Bhutanese friends to China to make pilgrimages or to visit relatives and friends"⁴⁷. The resuming of religious exchanges between monasteries, assuming that they would remain under the strict control of the Ethnic and Religious Affairs Commission in Lhasa would be in the interest of the Chinese side, that could illustrate its "policy of freedom of religion in Tibet". The resuming of contacts has already started between Buddhist in Bhutan and China. In 2001 the Dorje Lopen, the second higher-ranking lama of the Drukpa sect visited Wutai Shan in Shanxi province and Emei Shan in Sichuan province, two of China's sacred Buddhist sites, on the invitation of the Chinese Ministry of Culture. For the time being, Tibet has remained out of the picture, but Bhutanese lamas could easily be invited to visit the TAR, like several lay officials who have already been invited.

As a matter of fact the relations between Bhutan and Tibet go far beyond the religious issue. It should be noted that while the question of Taiwan is described by both sides as points of common view, Tibet is not even mentioned in official communiqués. The RGOB has probably to find a balance, at least in terms of communication, between its attachment to the Tibetan culture, and the need to develop a mature relation with the PRC. Bhutanese officials, including the Foreign Minister who travelled to Lhasa in October 2002, have already been invited to visit Tibet. Chinese media regularly use these visits to demonstrate the positive aspects of China's Tibet policy, assuming that Bhutanese visitors are best qualified to judge the situation of Tibetans in terms of socio-cultural development⁴⁸. No doubt that China would like to use Bhutan

⁴⁷ Ministry of Foreign Affairs of the People's Republic of China, official web-site

⁴⁸ In April 2002, Dasho Ugyen Dorje, the Speaker of Bhutan's National Assembly, while visiting Tibet for the first time, was quoted by the People's Daily in the following terms: "Dorje said Tibet had seen great changes with the support of the central government. He learnt that the Tibetan people were satisfied with their current lifestyle. He said that he saw with his own eyes that the Tibetan people were benefiting greatly from the central government's special care. He was surprised and excited by what he had seen which was completely different from what he had been led to expect." (People's Daily, April 25, 2002).

assessment on Tibet as a "moral caution" of its own policy in the TAR. Such orientation will need careful consideration in Thimphu.

Conclusion

Although Bhutan would not explore the possibility of using the PRC to balance the influence of India, the Kingdom has obvious interest in normalising its relations with China. Yet, Bhutan's China policy has limited objectives, at least on the short term. Securing a comprehensive agreement on the boundary question is a priority for the RGOB. In that context, its primary concern is with the settlement of those issues, which have the potential of causing tension on the northern border.

Apprehension over the ultimate objectives of Chinese policy in the Himalayan region has not disappeared in Bhutan. This view however seems largely based on India's own apprehension over Chinese intentions. Although they are not technically linked, discussions on the Sino-Bhutanese border and negotiations on the Sino-Indian border are politically related. In that context the general improvement in Sino-Indian relations and the success of Indian Prime Minister's recent visit to China contribute to the process of confidence building in the whole region⁴⁹. Meanwhile, the annual border talks and the development of several interactions between Bhutan and China has been creating a favourable context that could turn into a complete normalisation of their relationship as soon as the regional situation allows it.

As seen in the context of Mr Vajpayee's visit to China, the pressure has been high on India to adopt a less defensive attitude towards its border relations with China. Officials in Sikkim have been pressing the national government in New Delhi to change its mind set because of the prevailing military tranquillity on the Sino-Indian frontiers since 1967 and re-activate the Sikkim-Tibet trade route. It is considered in Gangtok that border trade will be a powerful instrument to resolve poverty and unemployment, both of which are factors in this insurgency-wracked region. The lifting of the Indian trade embargo over Tibet will be a major step. It does not mean however that all factors of tension will be removed. Trade between India and China is already irksome with New Delhi accusing Chinese entrepreneurs of dumping cheap commodities across the border. India will have serious concern about this pattern becoming predominant with border trade turning legal. Opening an "invasion route" into a region perceived as military vulnerable is still a serious concern in India.

⁴⁹ During Mr. Vajpayee's visit, India and China announced the appointment of two special representatives to progress towards the resolution of the border dispute.

Bhutan will have to incorporate all these factors in its China's policy. China's objectives in the Himalayas are mainly economical as shown by its "Western development strategy". Yet, political consideration remains essential, both internally and externally. Should Beijing succeed, even partly, in restoring Tibet as a trading bridge in the Himalayas, the geopolitical setting of the whole region would change. Bhutan and Nepal would be at the forefront of the Chinese strategy in the region. While India is facing instability and political unrest within its own borders, it will become more and more tempting for Beijing to offer Thimphu, its support, should security problem in southern Bhutan deepen into a regional security issue. Although Bhutan would certainly prefer not to be entangled in regional politics, the Kingdom will have to invent a "Chinese real-politik" of its own. As a landlocked country, Bhutan cannot disregard the economical benefits that could result from the resuming of its relations with China⁵⁰. At the same time, pragmatism will prevent Thimphu from undermining its relation with New Delhi. An exercise in tightrope walking is awaiting Bhutan. While facing a new challenge in the growth of its diplomacy, the Kingdom will have to conciliate two objectives: asserting its personality on the regional scene and avoiding to be dragged into shifting Himalayan politics. The RGOB is precisely doing that.

APPENDIX

Agreement between the Government of the people's Republic of China and the Government of the Kingdom of Bhutan on the Maintenance of Peace and Tranquillity Along the Sino-Bhutanese Border Areas (December 8, 1998)⁵¹

The Government of the People's Republic of China and the Government of the Kingdom of Bhutan (hereafter known as "Both sides"), in accordance with the five principles of mutual respect for each other's sovereignty and territorial integrity, mutual non-aggression, mutual non-interference in each other's internal affairs and peaceful co-existence and for the purpose of maintaining peace and tranquillity along the Sino-Bhutanese border, have reached the following agreements:

Article 1

Both sides hold the view that all countries big or small, strong or weak are equal and should respect one another. The Chinese side reaffirmed that it completely respects the independence, sovereignty and territorial integrity of

⁵⁰ Bhutan relies heavily on India for its trade. So far, to cope with the absence of trade diversification, Bhutan has signed transit agreement with India to preserve free trade and to facilitate its trade with third countries like Bangladesh, Thailand, Singapore, Nepal and Hong Kong.

⁵¹ Source: Chinese Ministry of Foreign Affairs.

Bhutan. Both sides stand ready to develop their good-neighborly and friendly cooperative relations on the basis of the Five Principles of Peaceful Co-Existence.

Article 2

Both sides are of the view that during the ten rounds of talks that have been held so far, they have reached consensus on the guiding principles on the settlement of the boundary issues and narrowed their differences on the boundary issues in the spirit of mutual accommodation, mutual trust and cooperation and through friendly consultations. The mutual understanding and traditional friendship between the two countries have been deepened. Both sides stand ready to adhere to the above-mentioned spirit and make joint efforts for an early and fair solution of the boundary issues between the two countries.

Article 3

Both sides agreed that prior to the ultimate solution of the boundary issues, peace and tranquillity along the border should be maintained and the status quo of the boundary prior to March 1959 should be upheld, and not to resort to unilateral action to alter the status quo of the border.

Article 4

Both sides reviewed the progress made after ten rounds of border talks. As both sides have already expounded each other's stand on the disputed areas, both sides agreed to settle this issue through friendly consultations.

Article 5

This agreement will come into force on the date of signing.

This agreement was signed on December 8, 1998 in Beijing, done in two copies in the Chinese, Bhutanese and English languages, all three languages are authentic. If differences arise, the English text will be the standard text.

Representative of the Government of the People's Republic of China Representative of the Government of the Kingdom of Bhutan.