



# The Kingdom of Bhutan

## Background

The Kingdom of Bhutan, also known as the Land of the Thunder Dragon, is a small, landlocked Himalayan country situated between India and China. The mountainous kingdom is about half the size of Indiana, with an estimated population of 857,423, approximately 115,000 of them in and around the capital city, Thimphu. Bhutan's economy has grown primarily as a result of hydropower, agriculture, and forestry development. Hydropower exports account for 40% of total exports and 25% of government revenue. The United States has no significant trade relations with Bhutan, and its foreign aid mission and bilateral consular affairs are handled by the U.S. Embassy in New Delhi, India. Geopolitical tensions between China and India along their Himalayan border have generally increased U.S. policymakers' interest in the region. Bhutan has participated in a U.S. Agency for International Development (USAID) regional program for South Asia directed at developing power infrastructure, and it has implemented programs intended to help mitigate some of the effects of climate change. With 70% forest cover and extensive hydropower, Bhutan is a carbon negative country. Ninety-three percent of eligible adults in Bhutan reportedly received COVID-19 vaccine by April 2021.

## The Constitution, Elections, and the King

The constitution of Bhutan establishes three branches of government: legislative, executive, and judicial. The bicameral legislature, or *Chi Tshog*, includes the National Assembly (*Tshogdu*), with 47 elected representatives, and the National Council (*Gyelyong Tshongde*), with 25 members, 5 of which are selected by the king. Legislators serve five-year terms. The executive branch includes the "Dragon King" (*Druk Gyalpo*), currently King Jigme Khesar Namgyel Wangchuck, as Head of State, and the prime minister, presently Lotay Tshering, as Head of Government. The king is hereditary and appoints the majority leader in the parliament as prime minister. The king can be forced to abdicate by a two-thirds vote in the National Assembly. There is also a Council of Ministers (*Lhengye Zhungtshog*), whose members are nominated by the king, in consultation with the prime minister, and approved by the National Assembly. The judiciary consists of the Supreme Court, the High Court, District Courts (*Dzongkhag*), and Sub-District Courts (*Dungkhag*).

Bhutan's path to democracy was not spurred by a popular movement but rather was initiated and encouraged by the fourth and fifth kings of the Wangchuck dynasty. According to Bhutan's first prime minister, Jigme Y. Thinley, who came to power in the country's first election in 2008, the Bhutanese people were apprehensive of the new system because "in many of the countries, democracy had failed or was in the process of failing, and leading to tremendous upheavals, strife among the people." The king,

however, insisted that the long-term interests of the people were best served by elected leaders. The 2008 election went smoothly. Parliamentary elections were also held in 2013 and 2018. In 2018, the Druk Nyamrup Tshogpa Party won 30 of 47 seats. The next election is due in 2023.

## Figure 1. Bhutan in Brief

**Geography:** 18,146 square miles; mountainous terrain; about half the size of Indiana

**Population:** 857,423 (2021 est.)

**Religion:** Buddhist 75%, Hindu 22%

**Government:** The Kingdom of Bhutan is a Constitutional Monarchy

**Head of State:** King Jigme Khesar Namgyel Wangchuck

**Head of Government:** Prime Minister Lotay Tshering

**Per Capita GDP:** \$12,356 ppp (2019 est.)

**Labor:** Agriculture 58%, Services 22%, Industry 20%

**Key Exports:** Ferro-silicon, Hydropower

**Key Export Partners:** India 49.6%, Bangladesh 12.8% (2020 est.)

**Poverty Rate:** 8.2% (2017 est.)

**Life Expectancy:** 72 years (2021 est.)



**Source:** CIA World Factbook, Economist Intelligence Unit, media.

The birth of the hereditary Wangchuck dynasty in 1907 has shaped Bhutan's democracy. The first ruler, King Ugyen (1907-1926), introduced reforms and Western education. The second ruler, King Jigme (1926-1952), continued his father's moderation and centralization efforts by building more schools and roads and bringing public institutions under government control. Two generations later, the third ruler, King Jigme Dorji (1952-1972), established a high court, introduced a bicameral legislative branch, set up a planning commission, and created the Council of Ministers. The sudden death of the third king brought his son, King Jigme Singye (1972-2006), to power and King Jigme Singye continued his father's legacy. In 2006, the fourth King abdicated in favor of his son, Jigme Khesar Namgyel, who started the top-down democratic transition. In July 2008, Bhutan's political system changed from an absolute monarchy to constitutional monarchy with a parliamentary form of government.

## Ethnic, Religious, and Refugee Issues

Bhutan has four ethnic groups: the *Ngalops* (westerners), the *Sharchop* (easterners), aboriginal people, and the *Lhotshampa* (southerners). The *Ngalops* migrated from Tibet to Bhutan around the ninth century. They introduced Tibetan culture and Mahayana Buddhism to Bhutan. The *Ngalops* are the majority in central, western, and northern Bhutan, and they dominate cultural, religious, and political elements in modern Bhutan. The *Sharchops* are thought to have originated from Assam, in present-day India, or perhaps Burma, and they also practice Mahayana

Buddhism. Several aboriginal groups (*Drokpa*, *Lepcha*, *Doya*) live and practice Hinduism throughout Bhutan. Hindu Nepali settlers, the fourth group, are the majority in the south. These southerners, or *Lhotshampa*, arrived from Nepal.

During the late 1980s and early 1990s, the Thimphu government viewed the *Lhotshampa*, which made up about 28% of the population, as a threat to the country's cultural identity. Many *Lhotshampa* were expelled or voluntarily emigrated to India and Nepal, evading government attempts to forcibly integrate them into mainstream Bhutanese culture. This tension led to unrest in the south of Bhutan in the early 1990s and resulted in an estimated 107,000 Hindu Nepali settlers returning to Nepal as refugees. The United States resettled some of the *Lhotshampa* refugees residing in Nepal.

## Economic Development and “Gross National Happiness (GNH)”

In recent years, Bhutan has experienced consistent economic growth. New hydropower plants are expected to come online while past hydropower profits have been invested by the government in public health care, contributing to an increase in Bhutanese life expectancy. Bhutan fits the low middle-income group profile. In contrast to Gross Domestic Product (GDP), the concept of measuring Gross National Happiness (GNH) has a deep-rooted history in Bhutanese culture. In 1987, the fourth king stated, “We are convinced that we must aim for contentment and happiness.” The king's vision of happiness has since been enshrined in Article 9 of the 2008 Constitution of Bhutan, which reads, “The State shall strive to promote those conditions that will enable the pursuit of Gross National Happiness.” Established by the Royal Government of Bhutan, the Centre for Bhutan Studies & Gross National Happiness Research (CBS & GNH), which describes itself as “an autonomous research institute” based in the capital Thimphu, is mandated by the government to study the GNH concept and develop indicators for the Royal Government of Bhutan's Gross National Happiness Commission (GNHC), which is responsible for integrating “GNH into national planning process.” The GNHC chair and vice chair are the prime minister and finance minister, respectively. GNHC ensures all government policies “are formulated and implemented in line with the principles of GNH including: (a) developing a dynamic economy as the foundation for a vibrant democracy, (b) living in harmony with tradition and nature, (c) effective and good governance, and (d) investing in our people, the nation's greatest asset.” Despite the focus on GNH, income inequality is a growing issue in Bhutan's domestic politics.

## Foreign Relations

Bhutan's external relations have been heavily influenced by the United Kingdom, and more recently India, for much of the past century. The 1910 Treaty of Punakha and 1949 Treaty of Friendship allowed the British and Indian governments, respectively, to direct Bhutan's external affairs. Both treaties promised the policy of “no interference in the internal administration of Bhutan” and provided protection from external encroachment. India is Bhutan's key strategic and economic partner. India and

Bhutan signed another Treaty of Friendship in 2007. Bhutan has joined a number of international organizations and entered into several international agreements. It was a co-founding member of the South Asian Association for Regional Cooperation (SAARC) in 1985 and joined the South Asian Free Trade Agreement in 2004. Bhutan is also a member of the Bay of Bengal Initiative for Multi-sectoral Technical and Economic Cooperation (BIMSTEC). Bhutan has representation at the United Nations, which it joined in 1971. Bhutan also joined 174 other countries to sign the Paris Agreement on Climate Change in 2016. Bilateral relations with the United States are limited. According to the U.S. Department of State, however, “the two countries maintain warm informal relations.”

## Doklam and Sakteng

With a population of less than 1 million, Bhutan is dwarfed by India (1.3 billion) and China (1.4 billion), and since the 1962 border war between China and India periodic tensions between the two powers have complicated Bhutan's external relations. Border tensions between China and India escalated in June 2017, while Indian Prime Minister Narendra Modi was in Washington, DC, to meet with President Donald Trump. Possibly intending to signal displeasure over developing ties between India and the United States, China extended an unpaved road near Doklam on the disputed border between China and Bhutan, high in the Himalayas. China's road-building activity was first revealed by a Royal Bhutan Army Patrol that sought to dissuade the Chinese from continuing. Indian military personnel subsequently moved to the border area and a standoff ensued until a de-escalation of tensions in August, 2017. Doklam is located in territory disputed by Bhutan and China to the north of the Siliguri Corridor. The corridor, 20 miles wide at its narrowest, links central India with its seven northeastern states. Chinese control of the corridor would isolate 45 million Indians in an area the size of the United Kingdom. China made a new claim to the Sakteng Wildlife Sanctuary in Bhutan's east in the summer of 2020. This land of approximately 285 sq. miles had not previously been considered disputed. Previous border talks between Bhutan and China have focused on disputed areas along Bhutan's northern and western borders with China. Some observers claim that China has established new settlements on Bhutan's territory, and view China's encroachments as aimed at pressing Bhutan to yield territory in Bhutan's west.

## Other Security Concerns

Bhutan has also experienced other security challenges. In the 1990s, Indian separatist militants (the United Liberation Front of Assam and others) established bases in southern Bhutan. After five rounds of talks with the militants failed, the National Assembly approved “Operation All Clear” in 2003 to remove the groups forcefully. The operation captured or killed 650 militants, including top ULFA leaders. Other security threats emerged prior to the March 2008 election, as several bombs exploded in Thimphu and other districts. The United Revolutionary Front of Bhutan (URFB), claimed responsibility for the bombings to highlight the rights of *Lhotshampa*.

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