



The Kingdom of Bhutan

Background

The Kingdom of Bhutan is a small, landlocked Himalayan country situated between India and the People’s Republic of China (PRC, or China). The kingdom is about half the size of Indiana, with an estimated population of approximately 792,000. Hydropower, mining, and tourism are major drivers of economic growth. Although Bhutan does not maintain diplomatic relations with the United States—or, indeed, with any of the five permanent members of the UN Security Council—the Trump Administration stated in 2025 that it “values [U.S.] friendship with Bhutan and looks forward to strengthening the ties between our countries.” The U.S. Embassy in New Delhi, India, is responsible for consular matters in Bhutan, and Bhutan maintains a consulate general in New York City. Geopolitical tensions between China and India along their Himalayan border have driven U.S. policymakers’ interest in the region. In the 118th and 119th Congresses, Members of Congress have expressed interest in Bhutan’s human rights record and PRC territorial claims in Bhutan.

The Bhutanese government asserts that it “strives to enhance friendly relations and engagements with all countries, with or without diplomatic relations,” and notes “meaningful” cooperation with the United States in a range of areas. Bhutan previously participated in a U.S. Agency for International Development regional program for South Asia focused on developing power infrastructure, and implemented energy- and disaster-related programs intended to help mitigate some effects of climate change.

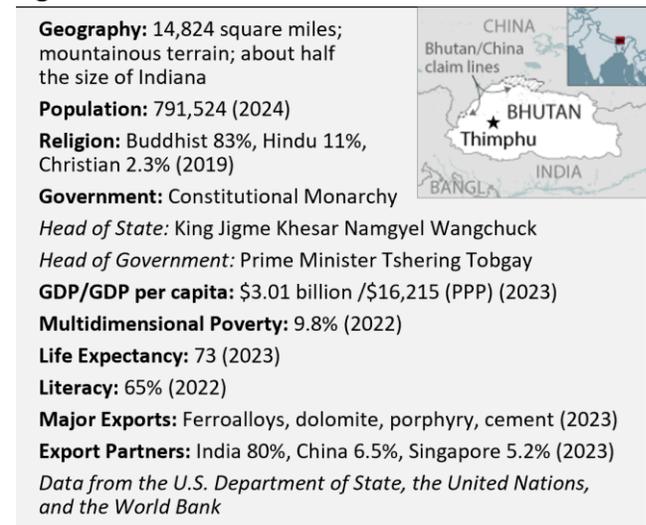
The Constitution, Elections, and the King

Bhutan’s constitution, adopted in 2008, established three branches of government: legislative, executive, and judicial. The bicameral legislature includes the National Assembly, with 47 elected representatives, and the National Council, with 25 members, 5 of whom are selected by the king. Legislators serve five-year terms. The executive branch includes the monarch, currently King Jigme Khesar Namgyel Wangchuck, as Head of State, and the prime minister, presently Tshering Tobgay, as Head of Government. The monarchy is hereditary, and the king appoints the majority leader in the parliament as prime minister. The king can be forced to abdicate by a national referendum triggered by a three-fourths vote in the National Assembly, and must retire at 65. Executive power is vested in the Council of Ministers, whose members are appointed by the king from among members of the National Assembly on the recommendation of the prime minister. The judiciary consists of the Supreme Court, the High Court, District Courts, and Sub-District Courts.

The Wangchuck dynasty, in power since 1907, spearheaded and has shaped Bhutan’s young democracy. After previous monarchs implemented incremental social and administrative reforms, the current king, in power since

2006, began a top-down democratic transition. In 2008, Bhutan’s political system changed from an absolute monarchy to a constitutional monarchy with a parliamentary government. Since then, the country has “undergone democratic consolidation” in the assessment of the nongovernmental human rights organization Freedom House, which rates Bhutan as “free” in its 2026 *Freedom in the World* report. International election observers deemed Bhutan’s 2008 parliamentary elections to be free and fair, as they did subsequent elections held in 2013, 2018, and 2024. The People’s Democratic Party (PDP) currently holds 30 of 47 seats in the National Assembly; the opposition Bhutan Tendrel party, formed in 2022, holds the remaining 17 seats. Current Prime Minister Tshering Tobgay of the PDP previously served in the same post from 2013 to 2018. Some analysts characterize Bhutan’s electorate as displaying weak party loyalty and strong anti-incumbency sentiment, due in part to disillusionment with promised socioeconomic reforms.

Figure 1. Bhutan in Brief



Ethnic, Religious, and Refugee Issues

Bhutan’s population includes four main ethnic categories: the *Ngalop*, the *Sharchop*, the *Lhotshampa*, and indigenous peoples. The *Ngalop* migrated from nearby Tibet to Bhutan around the ninth century. They introduced Tibetan culture and Mahayana Buddhism to Bhutan. The *Ngalop* are the majority population in central, western, and northern Bhutan, and are culturally, religiously, and politically the country’s most prominent group. The *Sharchop*, who predominate in eastern Bhutan, are thought to have originated from Assam, in present-day India, or perhaps Burma, and they also practice Mahayana Buddhism. *Lhotshampa*, of Nepali descent and largely Hindu, are the majority population in the south. Several indigenous groups (*Drokpa*, *Lepcha*, *Doya*) live and practice Hinduism

throughout Bhutan. According to the State Department, about 1,300 Tibetan refugees lived in Bhutan as of 2024.

In the late 1980s and early 1990s, the Bhutanese government implemented policies targeting the *Lhotshampa*, who then comprised about 25% of the country's population, calling them 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, and resulted in an estimated 107,000 *Lhotshampa* living in Nepal as refugees. The United States resettled over 75,000 *Lhotshampa* refugees from Nepal beginning in 2008. H.Res. 1093, introduced in the 119th Congress, would recognize the Bhutanese government's responsibility for the oppression and forced eviction of over 100,000 *Lhotshampa* in the 1980s and 1990s and urge steps toward justice, repatriation, and reconciliation.

Economic Development and “Gross National Happiness (GNH)”

Bhutan is a lower-middle income country, with GDP growth exceeding 4% since 2021. Bhutan's poverty rate decreased from 36% in 2000 to 12.4% in 2022, and the country graduated from the UN's list of Least Developed Countries in 2023. The government of Bhutan aims to increase foreign direct investment in the country to \$5.9 billion by 2029. While the Asian Development Bank estimates GDP growth of 8.1% in 2025 and forecasts growth of 6% in 2026, high youth unemployment has led to out-migration by many skilled workers, primarily to Australia, raising questions about Bhutan's future economic development. Over 70% of Bhutan's territory is forested, contributing to its status as a carbon-negative country. Nevertheless, the World Bank assesses that Bhutan's economy faces “significant risks” from climate change.

The government of Bhutan touts the concept of Gross National Happiness (GNH), in contrast to GDP. GNH is enshrined in Article 9 of the 2008 Constitution. The Gross National Happiness Commission (GNHC) is responsible for implementing GNH goals and ensuring that all government policies are formulated and implemented in line with the principles of GNH.

Foreign Relations

For more than a century, Bhutan's external relations have been heavily influenced by the United Kingdom, and more recently India. The 1910 Treaty of Punakha with Great Britain and 1949 Treaty of Perpetual Peace and Friendship with India allowed the British and Indian governments, respectively, to direct Bhutan's external affairs. Both treaties prohibited British and Indian “interference in the internal administration of Bhutan” and provided protection from external encroachment. India is Bhutan's key strategic and economic partner and main source of foreign assistance. Bhutan and India reaffirmed their “ties of close friendship and cooperation” in a 2007 Treaty of Friendship, which removed the article stating that Bhutan would be “guided by the advice of the Government of India in regard to its external relations.” Bhutan has joined a number of international organizations and entered into several international agreements. Bhutan became a member of the

United Nations in 1971. It was a co-founding member of the South Asian Association for Regional Cooperation in 1985 and joined the South Asian Free Trade Agreement in 2004. Bhutan also joined 174 other countries in signing the Paris Agreement on Climate Change in 2016.

Doklam and Sakteng Border Disputes

With a population under one million, Bhutan is dwarfed by India and China (each with a population of over 1.4 billion). Since the 1962 China-India border war, the two powers' periodic tensions have complicated Bhutan's external relations. China-India border tensions escalated in mid-2017, when China extended an unpaved road near Doklam, on the disputed border between China and Bhutan, close to the Bhutan-India-China tripoint. Indian military personnel subsequently moved to the border area, and a standoff ensued until a de-escalation of tensions two months later. Doklam is located north of the strategically vital Siliguri Corridor, which is 20 miles wide at its narrowest and links central India to its northeastern region. PRC control of the corridor could isolate 45 million Indians in an area the size of the United Kingdom. In 2020, China made a new claim to the Sakteng Wildlife Sanctuary (285 sq. mi.) in Bhutan's east; the sanctuary 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. The 118th Congress introduced S.Res. 75, condemning PRC “provocations” in South Asia, and in part highlighting PRC expansion in Bhutanese territory.

Some observers claim that China has established new settlements on Bhutan's territory. These alleged territorial infringements could offer Beijing greater leverage in the case of a China-India conflict. Bhutan shares its eastern border with India's Arunachal Pradesh (AP) state, which China claims as “southern Tibet.” The United States recognizes the AP-China demarcation, known as the McMahon Line, as an international border. In October 2021, Bhutan and China signed an agreement on a “three-step roadmap” to help expedite talks on boundary disputes. King Jigme Khesar Namgyel officially visited Indian Prime Minister Narendra Modi in April 2023, when Modi confirmed India's commitment to resolve border tensions trilaterally.

Other Security Concerns

Bhutan has experienced other security challenges. In the 1990s, Indian separatist militants (the United Liberation Front of Assam [ULFA] 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 2008 election, as several bombs exploded in the capital and other districts. The United Revolutionary Front of Bhutan claimed responsibility for the bombings to draw attention to the plight of the *Lhotshampa*.

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