



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 permanent mission to the UN in New York City, which has consular jurisdiction in the United States. 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.

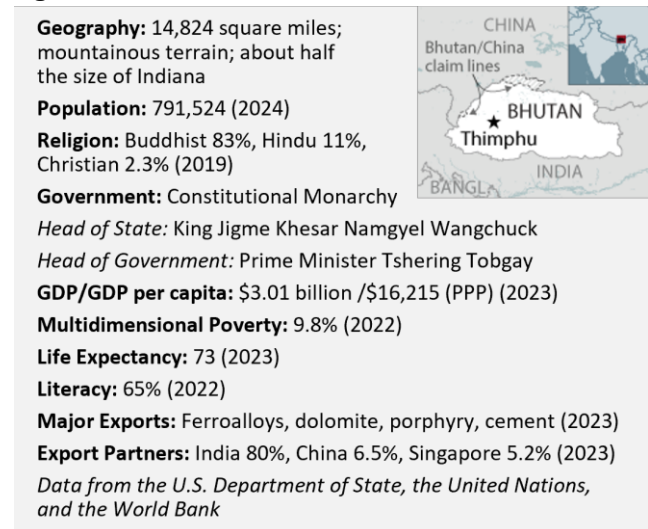
The Constitution, Elections, and the King

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 age 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, has spearheaded Bhutan’s transition to democracy. After previous monarchs implemented incremental social and

administrative reforms, the current king, in power since 2006, began a top-down democratic transition. With the adoption of the 2008 constitution, Bhutan became a constitutional monarchy with a parliamentary government. Since then, the country has “undergone democratic consolidation” in the assessment of the nongovernmental organization (NGO) 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. The *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 30% of the country's population. According to the NGO Human Rights Watch, Bhutanese authorities perceived the *Lhotshampa* as “a threat to the cultural and political order of Bhutan” in light of their growing numbers and political mobilization. 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 some 85,000 *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 annual 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. Bhutan's GNH Index seeks to measure progress in nine domains—psychological wellbeing, health, education, cultural diversity, good governance, community vitality, ecological diversity and resilience, and living standards—to provide a reflection of overall societal wellbeing.

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. Beginning in the 1970s, Bhutan moved away from its self-described “policy of self-imposed isolation,” becoming a member of the United Nations in 1971 and joining the Non-Aligned Movement in 1973. Bhutan was a co-founding member of the South Asian Association for Regional Cooperation in 1985 and has contributed to UN peacekeeping missions since 2014.

India remains Bhutan's key strategic and economic partner and main source of foreign assistance. Bhutan also relies on India for military training, arms supplies, and air defense, and the two countries regularly exchange high-level visits. 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.” As with the United States, Bhutan does not maintain formal diplomatic relations with the PRC. Bhutan describes the bilateral relationship as “friendly and cooperative” and expresses support for the One China Policy.

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. According to the Department of Defense (DOD, which is “using a secondary Department of War designation,” under Executive Order 14347 dated September 5, 2025), this claim is intended to pressure Bhutan into ceding the Doklam plateau. 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. According to DOD, the PRC “is continuing to build infrastructure in Bhutan while denying Bhutanese civilians and security forces access to disputed areas.” These reported 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. The Indian government confirmed India's commitment to resolve border tensions trilaterally during an official visit by Bhutan's king in April 2023.

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IF10660

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