

Institute of Chinese Studies

PANEL DISCUSSION

*China-Bhutan 25th
Round of Border
Settlement Talks*

REPORT

Speakers :

Manoj Joshi
Amb. P. Stobdan
Amit Ranjan
Medha Bisht

22 November 2023

EXECUTIVE SUMMARY

Speakers: **Mr. Manoj Joshi**, Distinguished Fellow, Observer Research Foundation, New Delhi.

Amb. P. Stobdan, former Ambassador; Distinguished Fellow, Delhi Policy Group, New Delhi; and, President, Ladakh International Centre, Leh.

Dr. Amit Ranjan, Research Fellow, Institute of South Asian Studies, National University of Singapore.

Dr. Medha Bisht, Associate Professor, Department of International Relations, South Asian University, New Delhi.

Chair: **Dr. Hemant Adlakha**, Associate Professor, Centre for Chinese and South East Asian Studies, School of Language, Literature and Culture Studies, Jawaharlal Nehru University, New Delhi; and, Vice-Chairperson and Honorary Fellow, Institute of Chinese Studies, New Delhi.

Venue: Zoom Webinar

- The discussion highlighted a significant shift in Bhutan's foreign policy, marked by greater engagement with China. This change is partly driven by a desire for a diplomatic opening with all Permanent members of the UN Security Council and a re-evaluation of Bhutan's long-standing dependence on India. The Bhutanese government, led by the Druk Nyamrup Tshogpa (DNT) party, has made this diplomatic diversification a key part of its agenda, especially in the run-up to recent elections.
- A major point of debate was whether the renewed border negotiations with China offer a tangible payoff for Bhutan. While Bhutan's economy remains heavily reliant on India, particularly in the hydropower sector, there are growing concerns over debt and the pace of development. The panellists discussed whether Bhutan's eagerness to resolve territorial disputes stems from a perceived need for economic alternatives and a more balanced relationship with its two powerful neighbours.

- The Doklam standoff in 2017 was identified as a critical turning point. Following the crisis, India's public stance evolved from treating the border dispute as a purely bilateral Bhutan-China issue to acknowledging its own security concerns regarding the tri-junction. This strategic shift by India was complemented by China's explicit use of the 1890 Anglo-Chinese Convention to justify its territorial claims.
- The panel also explored the historical and psychological factors influencing Bhutanese perceptions of India. The 1974 merger of Sikkim was cited as a historical concern for Bhutan, contributing to a sense of caution about its own sovereignty. This historical anxiety, combined with recent political and demographic changes in India, has led some in Bhutan to feel a greater sense of vulnerability and to consider diversifying their foreign relations.
- The panellists also noted that China's engagement strategy with Bhutan appears to be part of a broader, well-planned regional approach. Having made inroads in other South Asian countries like Nepal and Maldives, China seems to view Bhutan as the "last frontier" in challenging India's pre-eminence. This systematic pressure, including the establishment of villages and posts in disputed areas, suggests that China is using the negotiations to formalise a fait accompli on the ground.
- The chair raised several crucial points, including the significance of the Bhutanese Foreign Minister's visit to Beijing as a major diplomatic step. He also highlighted the peculiar nature of China's narrative, which now refers to Bhutan as a "traditional neighbour," and the new Chinese demand to include the Sakteng Wildlife Sanctuary in the border settlement package, which was not a part of earlier talks. He concluded by noting that these developments indicate a deepening of complexity that requires a new framework for India-Bhutan relations.

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The panel comprised Dr. Medha Bisht, Dr. Amit Ranjan, Mr. Manoj Joshi, and Amb. P. Stobdan, all of whom brought insights into the recent developments between the two nations. The speakers drew on their extensive work, including Dr. Bisht's widely cited research on Bhutan and Mr. Joshi's writings on border issues, to provide a nuanced perspective on the matter.

The presentations centered on four key themes: the consolidation of Bhutan-China relations, the underlying motivations for Bhutan's engagement with China, the shift in India's diplomatic stance, and a critical analysis of China's strategic vision for the region. The discussion also addressed the broader implications for India's neighbourhood policy and the changing perceptions of India in the Himalayan state.

The speakers argued that China's engagement with Bhutan, particularly in the last three to four years, has led to a significant maturation of their relationship and a stabilisation of border perspectives. Dr. Amit Ranjan explored the question of what "payoff" Bhutan expects from its engagement with China, highlighting the country's economic dependence on India, particularly in the hydropower sector. He further noted that despite close ties and India's substantial aid, issues like delays in hydropower projects and growing debt have prompted Bhutan to seek closer links with China. Citing the Bhutanese prime minister that Bhutan "could not remain shut up from China on diplomatic ties," he underscored Bhutan's desire to diversify its foreign policy. Dr. Medha Bisht contextualised these developments within the post-2016 shift in regional dynamics, noting that India has moved from viewing the border dispute as a bilateral Bhutan-China issue to a position where it is concerned about the nature of the boundary negotiations, signaling a shift "from a defensive position to a more offensive position."

Amb. Stobdan posited that Bhutan's recent developments were not unexpected, viewing Bhutan's newfound activism as driven by its current government's political motivations and the need to address key election issues. He described the three-step road map, signed in 2021 as a strategic move by the Bhutanese government to accelerate the border resolution process. Amb. Stobdan further noted a gradual shift in Bhutan's perception of India due to factors such as the 1974 Sikkim merger, demographic changes, and noted that India's old method of "extending generosity" is no longer effective. Mr. Manoj Joshi described China-Bhutan

MoU as a "fait accompli" arguing that Beijing has already occupied the territory it wants, making formal negotiations a matter of pretense. He commented that despite satellite imagery showing Chinese military facilities and villages in disputed areas, Bhutanese diplomats deny any Chinese occupation. Mr. Joshi argued that China sees Bhutan as "the last frontier" to challenge New Delhi's pre-eminence in South Asia.

During the question and answer session, discussion turned to the issue of India's neighborhood policy, and whether it could be considered a failure given the strained relations with various neighbours. Dr. Amit Ranjan and Mr. Manoj Joshi acknowledged that the implementation of India's foreign policy has at times been overbearing and uneven, citing incidents like the economic blockade on Nepal and crude interference in Bhutan's 2013 elections. They suggested that India, while possessing geographical advantages, needs to adopt a "cooler headed" approach. In contrast, Dr. Medha Bisht asserted that there has been a distinct shift in India's diplomatic response, moving away from old practices toward a more mature and pragmatic approach. On the specific issue of Chinese claims on the Sakteng Wildlife Sanctuary, Mr. Manoj Joshi explained that it could be a tactical pressure point or linked to China's long-standing claim on the Tawang tract.

In his concluding remarks, the Chair highlighted several significant aspects, such as the historic nature of the Bhutanese Foreign Minister's visit to China, Beijing's narrative of Bhutan as a "traditional neighbour," and the strategic implications of China establishing an embassy in Thimphu. The panellists agreed that the issues surrounding the China-Bhutan border are multifaceted and sensitive, and that further research and discussion will be required as events unfold. The chair concluded by emphasising that the issue is dynamic and will continue to require close attention from academics and policymakers.

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