Bhutan Election: PDP's Win is Good News for India but China Remains Ineluctable

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It's voting season in Asia, and with elections happening in Bangladesh, Pakistan, Taiwan, as well as India, the region is set for major changes. For India, one of the most important elections is the one in Bhutan which concluded on 9 January.

Bhutan became a democracy in 2008 and has held successful elections ever since. With a two-phase political system, the democratic and political space has a become pretty vibrant, with the number of political parties consistently increasing.

The first phase of voting in this election was concluded in November last year and the two parties that emerged on top in the primary round were the People's Democratic Party (PDP) and the Bhutan Tendrel Party (BTP), with the PDP emerging victorious.

Tshering Tobgay is set to become the prime minister for a second time.

Bhutan Elections: As Economic Woes Hit National Happiness, Voters Cast Ballots

The Economy Was the Primary Focus

The PDP's win means that New Delhi will heave a sigh of relief as the party is perceived to be closer to India. Indian Prime Minister Narendra Modi wrote on X, "Heartiest congratulations to my friend @tsheringtobgay and the People's Democratic Party for winning the parliamentary elections in Bhutan."

Though this win can make things slightly easier for New Delhi, the question is: how long can Bhutan resist Beijing's wooing? The challenges faced by Bhutan today are mostly domestic, and extensively linked to its economic and financial situation.

Thus, it is no surprise that though Bhutan has always focused on the Gross National Happiness (GNH) index, the economy was the primary concern in this election. The Bhutanese people say that growth is what Bhutan needs, along with a resolution to the unemployment issue. As per the <u>World Bank</u>, Bhutan's unemployment is at 29 per cent while economic growth has been around 1.7 per cent for the last five years.

Karma, a voter aged 49, said, "Many people are unemployed and even those who have jobs get a salary that is not enough to support the growth of their family," as quoted by Reuters. Such statements underscore the need for economic growth and also explain why both parties made big promises of economic development, even committing to push investment in the hydro-power sector, which is an essential source of energy.

To add to its economic woes, Bhutan is also facing a major challenge surrounding what is known as brain drain, with the primary destination being Australia. A large section of the youth keeps an eye out for opportunities to move out of the landlocked country.

The number of visas being issued is consistently rising, now for almost two per cent of the population. Post-COVID, the slow recovery of the tourism sector, which is a big component of the economy and also crucial for foreign currency, has become a concern for the government.

With big promises being made about improving the standards of living, the PDP government has a tall task set for itself. To achieve this, the Bhutanese government will be looking to expand its trade as well as welcome investments that will aid the economy.

The India-Bhutan-China Triangle

Bhutan has become a central actor in India-China relations. The victory of the PDP government is surely a positive sign for New Delhi, but what remains to be seen is whether India alone is capable of aiding Bhutan's economic growth.

New Delhi and Thimphu have a lot of projects underway that will boost the domestic economy. Beijing's shadow, however, is always lingering. Though Bhutan has no formal diplomatic relations with China, that has not prevented the latter from looking for

<u>opportunities</u> to make inroads. Beijing has shown its readiness to invest money, and it may prove increasingly difficult for Thimphu to resist such offers.

Geopolitics was always going to be a lingering factor. Bhutan is traditionally closer to India, with strong economic ties and a friendship treaty. India and Bhutan had, together, resisted a strong Chinese aggression in Doklam in 2017. However, the call for independent economic growth underlines a more nationalistic tone and also highlights an urge to move out of India's shadow.

Though the election results are being perceived as a positive sign for India, the bilateral and regional developments will have to be closely followed as well. Bhutan has shown strong inclinations to resolve its border issue with China (though asserting that India will be a crucial part of these negotiations) with major <u>visits</u> that concluded in 2023. However, the urgency shown by Thimphu to resolve the border issue cannot be taken lightly.

Bhutan will have to take into consideration what its people want and need. With a rise in nationalism and the assertion of sovereignty, coupled with the demand for economic growth, the manoeuvring space for the incoming government is reducing.

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<u>6 Years After Doklam Standoff, China-Bhutan Talks Give India Reason to Worry</u>

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