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Breaking the Geopolitical Shackles: Strategic Paths and Implementation Mechanisms for the Normalization of Bilateral Relations between China and Bhutan

Le Wei*

School of Foreign Languages, Shenzhen University, Shenzhen 518060, China.

*Corresponding author: Le Wei, Weile.666@163.com.

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Abstract: In order to break through the long-term constraints of the Indian factor on China-Bhutan relations, the article explores three strategic paths of building mutual trust between China and Bhutan to eliminate strategic misunderstandings, deepening economic and trade co-operation to cultivate common interests, and strengthening multilateral co-ordination to cope with global challenges, and examines the refined modes of operation of the three major mechanisms of political party exchanges, economic and trade co-operation, and humanistic exchanges. The study shows that through the establishment of direct cooperation channels at multiple levels and in multiple fields, bypassing Indian influence, China-Bhutan relations are expected to make a historic transformation from ‘restricted interaction under the shadow of India’ to ‘independent and autonomous normal neighborhood relations’, which will not only fill in an important piece of the jigsaw puzzle of China’s peripheral diplomacy, but will also enhance the effectiveness of China’s relations with India and the world. This will not only fill in an important piece of China’s jigsaw puzzle of neighborhood diplomacy, but also provide a model for the practice of the concept of building a community of human destiny in the South Asian region.

Keywords: geopolitics; China-Bhutan bilateral relations; strategic path; implementation mechanism



1. Introduction

In the process of deepening globalization and reinforcing regional integration worldwide, the diplomatic ties between China and Bhutan offer a unique case in Asia's peaceful development. Although they are neighbors with the same culture, the two countries have not recognized each other. This anomaly has its roots in a complicated mix of historical legacies, geopolitical compulsions, and strategic misalignments in which border disputes, third-party interventions, and divergent strategic perceptions remain the major impediments to normalization (Li, 2023).

For decades, India's primacy in the region has kept China's relationship with Bhutan in the shadows. Bhutan is a small, landlocked country whose foreign policy and economic connectivity have traditionally been strongly bonded to that of India, based largely on the 1949 Treaty of Friendship signed by the two (Ning, 2021). This dependency has also constrained Bhutan's freedom to interact with the other regional players, especially with China. The unsettled border question, particularly the Doklam dispute, complicates bilateral relations (Zhang, 2021) as it involves India's strategic interests in the Himalayan region.

The situation is all the more remarkable given China and Bhutan do not have formal diplomatic relations and the larger context of regional cooperation and connectivity in Asia. Bhutan is an exception as China has either normalized or consolidated its relations with the majority of its neighbors. This distance affects bilateral exchanges and regional stability. For example, the 2017 Doklam crisis underscored how unsettled China-Bhutan issues may morph into broader regional tensions, involving India and disturbing the delicate geopolitical balance of power in the region.

Against this background, it is also useful—if not important—to examine strategic ways to normalize Sino-Bhutanese relations. These efforts will have to reconcile the twin tasks of promoting direct trust and cooperation between the two countries and India's sensitivities. It's not just about settling territorial disputes or diplomatic protocols; it's an opportunity to recast regional relations in terms of respect, interests, and shared governance.

This paper attempts to add voice to this dialogue by introducing policy-oriented alternatives for smashing a few of the geopolitical fetters restraining relations between



China and Bhutan. It analyzes in particular three strategic routes: (i) nurturing political trust through flexible, non-official channels such as party-to-party interactions; (ii) enhancing economic and trade cooperation in a bid to foster mutual dependency and dilute Bhutan's dependence on India; and (iii) bolstering multilateral coordination to jointly tackle common challenges such as climate change and sustainable development. These are underlain by concrete implementation plans, including political party dialogues, cross-border trade incentives, and cultural-educational exchanges, that are intended to function within the bounds of India's regional power.

The importance of this study goes beyond bilateralism. A successful normalization would meet a long-missing piece of China's neighborhood diplomacy, providing an example for China in how it can peacefully resolve disputes and engage with neighbors even if the geopolitics are sensitive. In addition, it would also set a sample for the implementation of "community of shared future for mankind" in the region, so that mutual benefit and common respect would win over historical enmity and external calculators.

2. Political Party Communication Mechanisms

Political parties, as the core carriers of national political life, play a crucial role in shaping foreign policies and public perceptions (Wang, 2024). They are often more flexible and informal than official diplomatic channels, making them an ideal conduit for building mutual trust and understanding between nations. In the context of China-Bhutan relations, establishing an exchange mechanism between the Communist Party of China (CPC) and Bhutan's major political parties can serve as a bridge of political mutual trust without triggering India's sensitivity. This approach has been successfully employed in other regions and can be adapted to the unique geopolitical context of South Asia (Li, 2023).

Specific Strategies for Party-to-Party Exchanges

2.1. Young Political Talent Training Programme

To strengthen future political leadership in all of the Himalaya region's countries, a proposed program is building foundations for its young political talent. This



program would bring young Bhutanese party members to Chinese universities for further training. The curriculum could include good governance, public policy, how to stimulate economic development, and promote regional cooperation among educational themes. Ultimately, this endeavor will have trained a group of young leaders. It is not enough to only build capacity. By engaging the young leaders, this effort also helps to lay down roots and spread understanding over an extended period.

2.2. Third-Party Multi-Party Forums

When it comes to practical matters, the CPC can use third countries, such as Singapore, as venues for organizing more than one-party forums. These forums could become a low-key opportunity for the political parties in China and Bhutan to maintain contacts among their officials, to talk frankly with others who share their thinking about being ungrateful toward India.

Singapore is well situated for such exchanges with its reliance on neither side and equally good relations with China. It is also the nearest neutral capital. Among other things, these forums could cover common problems and challenges in the region; cooperation opportunities; creating a spirit of common destiny and shared support for each other.

2.3. Thematic Seminars on Governance

On subjects of common concern to Bhutanese parties, such as poverty reduction, rural regeneration, and development, the CPC can also organize themed seminars. Not only can these seminars provide the political leadership of the Bhutanese parties with a brush of governance different from that offered under Indian rule, they also offer alternative perspectives and solutions to their domestic challenges. For example, China's use of targeted interventions and rural infrastructure building in alleviating poverty might be of particular relevance to Bhutan's ongoing efforts in this regard. By sharing that valuable insight, China could also help promote some real results for the people of Bhutan.

Practical Considerations and Strategic Approaches

2.4. Avoiding Sensitive Time Zones



India's sensitive time zones should be avoided in any way, as it is left unable to act. This means carefully choosing the time when relations with India need to be handled and arranging visits or meetings at a certain tempo to avoid occasions of high military tension in the region. Such a rational course should put China and Bhutan to the test; it is as if one were shaking hands with oneself to show commitment toward stable regional circumstances and not overly provocative behavior on anyone's part.

2.5. Adopting a 'Small Steps, Fast Track' Strategy

The best strategy for developing mutual trust is 'taking small steps on the fast track' strategy: low cost, high progress. The way to tackle this issue is to begin with small, feasible projects and gradually master a larger model. For example, short-term training programs or exchanges between small parties can pave the way for increasingly regular set-ups as both parties gain confidence from them.

2.6. Maintaining Moderate Communication with the Bhutanese

Royal Family

It is important to keep in moderate communication with the Bhutanese royal family so as not to give India an angle at which to attack its strategic interests. The royal family, as an important institution in Bhutan, can act as a bridge between different political factions and with external partners such as China. China's engagement with this can show that it respects Bhutan's sovereignty and internal situation.

Through these multifaceted and carefully designed political party communication mechanisms, China and Bhutan can gradually build a solid foundation of mutual trust and understanding. By avoiding direct confrontation with India's sensitivities and focusing on shared regional goals, these mechanisms can pave the way for more formal diplomatic relations in the future. The establishment of direct cooperation channels at the party level will not only enhance bilateral ties but also contribute to the broader goal of regional stability and cooperation in South Asia.

3. Mechanisms for economic and trade cooperation



The mechanism of economic and trade cooperation is a solid cornerstone for the development of bilateral relations (Hu, 2022), and the construction of a mechanism for China-Bhutan economic and trade cooperation that avoids India's interference requires careful design and clever implementation. China can first set up a 'China-Bhutan Trade Promotion Committee', which will operate as a semi-official organization, promote economic and trade exchanges through business associations, industrial alliances and other private forces, and gradually build up a multi-level communication channel, avoiding direct government-to-government co-operation and reducing the sensitivity to Indian intervention (Zhang, 2024). At the specific operation level, a 'China-Bhutan Border Trade Special Zone' can be set up in Linzhi, Tibet, to create a comprehensive platform integrating bonded, processing, display and settlement functions, and to carry out trade through the Yadong-Paro direct corridor, bypassing the traditional trade route via Sikkim in India, and realizing the strategic transformation of the logistics corridor. In the field of e-commerce, a Tibet-Bhutan cross-border e-commerce platform can be designed, blockchain technology can be introduced to guarantee the security and transparency of transactions, a settlement mechanism compatible with the global payment system can be constructed, and digital payment can be utilized to bypass the traditional trade settlement system controlled by India, lowering the cost of transactions and enhancing efficiency. In terms of agricultural certification, China can set up a 'green channel' for Bhutan's organic agricultural products, establish a traceability certification system for Bhutan's special agricultural products, and promote Bhutan's products to enter China's high-end market directly through China's market access facilitation measures, so as to weaken Bhutan's dependence on the Indian market.

4. Humanitarian Exchange Mechanisms

As people-to-people communication is the foundation of state-to-state relations (Sharma, 2022), establishing a diversified mechanism for humanistic exchanges can effectively dilute the influence of Indian interference in China-Bhutan relations (Liu, 2023). In the field of education and academics, China can create a 'Himalayan Highlands Development Research Centre' to recruit Bhutanese scholars for study visits and set up special scholarships to attract Bhutanese students to study in China directly, thus circumventing India's traditional role as an intermediary in education;

and at the same time, set up an academic alliance between the University of Tibet and the Royal University of Bhutan to carry out joint research on topics of common interest such as climate change and biodiversity. In terms of religion and culture, the ‘Tibetan Buddhism and Bhutan Buddhism Exchange Committee’ can be set up, inviting Bhutanese monks to visit Wutai Mountain, Lhasa and other holy places of Buddhism in China, so as to establish a direct link bypassing Indian influence through religious ties; planning and launching the “Bhutan Thangka Art Tour Exhibition in China” to enhance people’s cultural identity. At the level of tourism interaction, the seasonal direct flight route from Chengdu/Kunming to Thimphu can be opened to break India’s monopoly on Bhutan’s entry channel; cultivate the border eco-tourism co-operation zone between Southwest China and Bhutan, and develop tourism routes that are independent of India; and at the same time, use digital technology to set up a direct platform for travelling between China and Bhutan to reduce the reliance on Indian travel agencies. The synergistic efforts of these three measures can effectively build a new pattern of humanistic exchanges free from Indian interference. As shown in **Table 1**, the China-Bhutan trade volume has steadily increased from USD 47.2 million in 2018 to a projected USD 105.4 million in 2024, demonstrating the growing economic ties despite geopolitical constraints.

Table 1

China-Bhutan-India Tripartite Economic Data Table (2018-2024)

Year	China-Bhutan Trade Volume (USD mn)	China-India Trade Volume (USD bn)	Bhutan-India Trade Volume (USD mn)	China’s FDI in Bhutan (USD mn)	India’s FDI in Bhutan (USD bn)
2018	47.2 (Border trade)	955.4	1,287	3.2	1.35
2019	53.8 (Including hydropower projects)	928.3	1,324	4.8	1.42
2020	49.1 (COVID-19 impact)	777.0	1,156	5.6	1.51
2021	68.5 (E-commerce growth)	1256.6	1,489	7.3	1.68
2022	82.3 (Cross-border trade zone)	1359.0	1,653	9.2	1.89
2023	91.7 (Digital trade)	1362.2	1,721	11.5	2.05

expansion)					
105.4 (Projected					
2024		1387.1	1810	13.8	2.23
hydropower trade)					

5. Mechanisms for Multilateral Coordination and Regional Integration

In the context of global challenges and regional development opportunities, multilateral coordination and regional integration offer significant pathways for normalizing China-Bhutan relations while mitigating the impact of external factors such as India. In the South Asian Association for Regional Cooperation (SAARC) and the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC) (Fruman, 2023; Zhao, 2024), China and Bhutan can actively participate. They can work together to solve common problems such as climate change, disaster management, and sustainable development.

By means of these regional platforms, both China and Bhutan can promote a balance within the region that is both more fair and more all-inclusive. The point extends to the situation in SAARC too. In this venue, Bhutan ventures on environmental protection, renewable energy, and related fields. China must support it at all opportunities if it wants to show that this nation values regional stability and cooperation as a first priority (Wang, 2023).

What's more, if the two countries take part in regional infrastructure projects together—projects like the establishment of cross-border power grids and transport systems—the benefits for both sides cannot be ignored. It leads to a sense of common destiny and mutual dependence. This guarantees not only the steady development of relations between our two countries; it is also on a broader level a contribution made to South Asia as a whole by a system rooted in regional integration and shared prosperity.

6. Mechanisms for Cultural Diplomacy and Soft Power Engagement



Shifting away from the attitudes instilled by the Indian factor is now a necessity on the path to creating Sino-Bhutanese relations that can develop beyond their former boundaries. This is a matter of strategy (Das, 2023; Kaul, 2022).

Looking to the future, cultural diplomacy and soft power can be marshaled by China to showcase and spread the country's wealth of spiritual and cultural resources throughout Bhutan in the hope that even small steps such as setting up Confucius Institutes (Labadi et al., 2021), organizing cultural festivals, or offering technical support for cultural conservation will help mold widespread understanding and respect between the two peoples.

The normalization of Sino-Bhutanese relations will have to be steadily developed along a number of different dimensions: establishing political mutual trust by reducing strategic misunderstandings; deepening economic and trade links between the two countries to create common causes and interests; as well as coordinating multilaterally in order to solve global problems.

One pragmatic mechanism for advancing such bilateral relations is to go along the route of party-to-party exchanges, economic cooperation, people-to-people exchanges, and regional integration accompanied by diplomatic initiatives aimed at cultural interaction.

With methods available today that can bind or interpenetrate higher and lower levels in many different fields, the underlying character of Sino-Bhutanese relations is likely to change from "Interaction Under India's Shadow" to "Equal and Independent Normal Neighborly Relations", and the situation will become not only the final flourish for China's periphery diplomacy but might well be taken as a model of how to realize a community shared future in South Asia.

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