



Integrated Country Strategy

BHUTAN

FOR PUBLIC RELEASE

Approved: February 8, 2023

Table of Contents

1. Chief of Mission Priorities	1
2. Mission Strategic Framework	3
3. Mission Goals and Objectives	4
4. Management Objective	8

1. Chief of Mission Priorities

In 2008, Bhutan transitioned from absolute monarchy to a parliamentary democracy at the direction of the King. Since then, the Bhutanese government, civil society, and monarchy have actively promoted the rule of law and good governance in cooperation with like-minded donors and partners, including the United States. Despite being one of the world's newest democracies, Bhutan plays an active role at international organizations in support of the rules-based international order and a free and open Indo-Pacific. Consistent with the October 2022 National Security Strategy objective to "assemble the strongest possible coalitions to advance and defend a world that is free, open, prosperous and secure," our primary strategic objective with Bhutan is to work toward the eventual normalization of relations while reinforcing Bhutanese sovereignty.

Although Bhutan has chosen not to establish diplomatic relations with the United States, the Bhutanese government at the highest levels has consistently expressed that it seeks to expand cooperation with the U.S. government. Although establishing a formal U.S. presence in Bhutan is not a near term goal, the expansion of existing and new cooperative programs will require additional staffing and resources at Embassy New Delhi. Mission India has established a dedicated Bhutan Affairs Unit within the Embassy's Political Section to develop the bilateral relationship and realize the possibilities of this new partnership. Sections and agencies throughout Mission India manage projects and initiatives in Bhutan, with the Bhutan Affairs Unit playing an overseeing and coordinating role. Mission management goals for Bhutan include the expansion of staffing and resources to allow the Bhutan Affairs Unit to fully realize the potential of the relationship.

As it has transformed its political culture, Bhutan seeks to transition from a predominantly agrarian society to a 21st century economy and expects to graduate from the UN Least Developed Countries list by 2023. Bhutan's geographic location presents significant challenges for its economic development. Bhutan has identified technology cooperation with the United States as a potential source of high-quality employment that can strengthen its economy. The COVID-19 pandemic resulted in profound setbacks for Bhutanese economic development objectives. Expanded assistance in the areas of monetary and trade policy, technology, entrepreneurship, intellectual property (IP) and support for U.S. investment could help Bhutan to remain on its current trajectory. Its mountainous geography has enabled Bhutan to generate significant hydroelectric power and become a net exporter of energy to India. This renewable energy endowment has also enabled Bhutan to become the world's only carbon-negative country, with plans to reach zero net greenhouse gas emissions by 2030.

Mission India intends to seize the opportunity to develop our unofficial relationship with Bhutan and to support its evolution into what may become one of our closest partnerships in South Asia.

2. Mission Strategic Framework

Mission Goal 1: Bhutan remains a sovereign democracy able to resist economic coercion.

- **Mission Objective 1.1:** Bhutan continues to strengthen relations with the United States through existing and new areas of cooperation.
- **Mission Objective 1.2:** Bhutan pursues economic and security policies that will support its sovereignty and resilience.
- **Mission Objective 1.3:** Bhutan continues to improve health, education, innovation, and economic opportunities for its people.

Mission Goal 2: Bhutan remains an active partner in safeguarding a rules-based Indo-Pacific region.

- **Mission Objective 2.1:** Bhutan actively supports U.S. priorities at the United Nations, leading to consistent or increasing voting coincidence.
- **Mission Objective 2.2:** Bhutan facilitates Mission India efforts to protect U.S. citizens and establishes a cooperative approach on U.S. immigration priorities.
- **Mission Objective 2.3:** Bhutan makes continued progress on policies to combat trafficking in persons (TIP), including through ascension to the UN Palermo Protocol, and fully meets the minimum standards of the Trafficking Victims Protection Act of 2020 or makes significant efforts to bring itself into compliance with those standards.

Management Objective 1: Further develop the technological, human resources, and travel policy solutions that will allow for the continued development of the bilateral relationship while the U.S. government has no physical presence in Bhutan.

3. Mission Goals and Objectives

Mission Goal 1 | Bhutan remains a sovereign democracy able to resist economic coercion.

Objective 1.1 | Bhutan continues to strengthen relations with the United States through existing and new areas of cooperation.

- **Justification** | We will continue to strengthen relations with the Royal Government of Bhutan (RGoB) to enable closer cooperation on Indo-Pacific objectives. We will consolidate and deepen cooperation in those areas welcomed by the RGoB.
- **Linkages** | This objective supports the 2022 National Security Strategy directives for U.S. agencies to use diplomacy to build the strongest possible coalitions; the 2022 Indo-Pacific Strategy mandate to build connections within and beyond the region; and Objective 1.4 of the FY 2022-2026 State-USAID Joint Strategic Plan (JSP) directive to lead allies and partners to address shared challenges; and Objective 1.1 of the FY 2022-2026 EAP-ASIA Joint Regional Strategy (JRS) to revitalize alliances and partnerships to ensure a secure, free, and open Indo-Pacific and bolster the rules-based international order.
- **Risks** | The absence of diplomatic relations with Bhutan and the corresponding lack of physical presence in-country increases the risk that the U.S.-Bhutan relationship may not develop to its full potential. We will mitigate that risk by maintaining close contact with the RGoB and working with like-minded partners to collectively support Bhutan.

Objective 1.2 | Bhutan pursues economic and security policies that will support its sovereignty and resilience.

- **Justification** | With significant underemployment challenges and limited foreign investment, Bhutan is increasingly vulnerable to outside economic and political pressure. Continuing professionalization and increasing capabilities of the Royal Bhutanese Army are important factors in Bhutan's ability to safeguard its borders. Bhutanese sovereignty and resilience in both economic and security spheres are critical for peace and stability in the Indo-Pacific region.
- **Linkages** | This objective responds to the 2022 National Security Strategy directive on shaping the rules of the road, trade and economics; the Indo-Pacific Strategy mandate to drive regional prosperity, and bolster Indo-Pacific security; Objective 2.2 of the JSP to support inclusive, sustainable, and equitable economic growth; and JSP Objective 1.4 mandate to enhance international security.
- **Risks** | Significant pandemic-related disruptions to the Bhutanese economy will further complicate RGoB efforts to remain free of economic coercion. We plan to mitigate this risk by responding positively and quickly responding to expressions of interest in economic and development assistance from Bhutan.

Objective 1.3 | Bhutan continues to improve health, education, and economic opportunities for its people.

- **Justification** | Sustainable growth and development in Bhutan will support economic and political stability.
- **Linkages** | This objective responds to the 2022 National Security Strategy mandate to promote an inclusive and prosperous world; the Indo-Pacific Strategy mandate to drive regional prosperity; Objective 2.2 of the JSP to support inclusive, sustainable, equitable economic growth; JSP Objective 1.1 to strengthen global health security; and JSP Objective 2.4 on strengthening global resilience to economic, environmental, and other systemic shocks.

- **Risks** | Failure to achieve a quick economic recovery with increased employment opportunities could lead the RGoB to accepting assistance from coercive powers. We plan to mitigate this risk by partnering with Bhutan to increase employment opportunities for its people.

Mission Goal 2 | Bhutan remains an active partner in safeguarding a rules-based Indo-Pacific region.

Objective 2.1 | Bhutan actively supports U.S. priorities at the United Nations, leading to consistent or increasing voting coincidence.

- **Justification** | Bhutan has committed to supporting priority U.S. initiatives at the United Nations (UN). Bhutan's vote can be an important source of support for U.S. interests in a region where host governments often pursue nonaligned voting patterns. Bhutan is an active contributor to UN Peacekeeping Operations (UNPKO) missions and seeks to deploy a dedicated unit on a UNPKO mission, advancing U.S. PKO burden-sharing objectives.
- **Linkages** | This objective supports the 2022 National Security Strategy mandate to promote an inclusive world; the Indo-Pacific Strategy directive to build connections within and beyond the region; and Objective 1.4 of the JSP to lead allies and partners to address shared challenges; and Objective 1.2 of the EAP-ASIA JRS.

Objective 2.2 | Bhutan facilitates Mission India efforts to protect U.S. citizens and establishes a cooperative approach on U.S. immigration priorities.

- **Justification** | Because the U.S. government has no official presence in Bhutan, Mission India relies on the RGoB to provide for the welfare and safety of the growing number of U.S. tourists and visitors in remote locations in an earthquake-prone region with limited transportation. Closer bilateral cooperation on nonimmigrant visa overstays and claims of Bhutanese citizenship by aliens ordered removed from the United States would promote closer people-to-people ties.

- **Linkages** | This objective supports the 2022 National Security Strategy mandate to protect the security of the American people; Goal 1 of the FY 2022-2026 Bureau of Consular Affairs Functional Bureau Strategy; and Goal 5 of the JSP to serve U.S. citizens around the world.
- **Risks** | Bhutan is situated in a highly seismically active region. Without a U.S. consular presence in Bhutan, the ability of the Mission to support American citizens in Bhutan during a natural disaster is limited. We plan to mitigate this risk by continuing our close cooperation with the RGoB on all consular issues.

Objective 2.3 | Bhutan makes continued progress on policies to combat trafficking in persons.

- **Justification** | A lack of governmental capacity and awareness of trafficking in persons (TIP) issues contributed to the Department's Office to Monitor and Combat Trafficking in Persons (J/TIP)'s decision to downgrade Bhutan to Tier 3 in connection with the 2019 TIP report. Although Bhutan has made significant progress on combatting TIP and has since been upgraded to Tier 2 Watchlist, continued progress is required. A relegation once again to Tier 3 would have significant implications for the viability of USG engagement with Bhutan.
- **Linkages** | This objective supports the 2022 National Security Strategy goal of competing to address shared challenges in an era of competition; Indo-Pacific Strategy goal of driving regional prosperity; and Objective 3.4 of the EAP-ASIA JRS to contribute to upholding and adhering to international law and norms.
- **Risks** | Absent continued progress on trafficking related policies and prosecutions, Bhutan could be subject to a Tier 3 ranking under the Trafficking Victims and Protection Act, which would curtail many areas of bilateral assistance and cooperation, significantly limiting the expansion of bilateral ties. We plan to mitigate this risk by continuing to support the RGoB's significant efforts to address TIP issues.

4. Management Objective

Management Objective 1 | Further develop the technological, human resources, and travel policy solutions that will allow for the continued development of the bilateral relationship while the USG has no physical presence in Bhutan.

- **Justification** | The full realization of the potential of the U.S.-Bhutan relationship requires the expansion of Mission capabilities and expertise dedicated to Bhutan. The lack of a permanent presence in Bhutan requires frequent and expensive travel to advance ICS Bhutan objectives. The Bhutan Affairs Unit of the Embassy New Delhi Political Section oversees and coordinates all USG engagement with Bhutan. This office requires consistent and dedicated funding and the recruitment of additional staff.
- **Linkages** | This objective supports the 2022 National Security Strategy mandate to sharpen our tools of statecraft; the Indo-Pacific Strategy directive to build connections within and beyond the region; and Management Goal 1 of the EAP-ASIA JRS to align and manage personnel and resources to implement strategic priorities and to ensure effectiveness and accountability.
- **Risks** | A lack of funding and staffing capabilities will limit the ability of the Mission to develop opportunities and deepen the relationship with an emerging Indo-Pacific partner. We plan to mitigate this risk by continuing efforts to increase staffing of the Bhutan Unit, working more closely with like-minded nations on shared policy goals, and engaging more frequently and creatively – including virtually – with the RGoB.