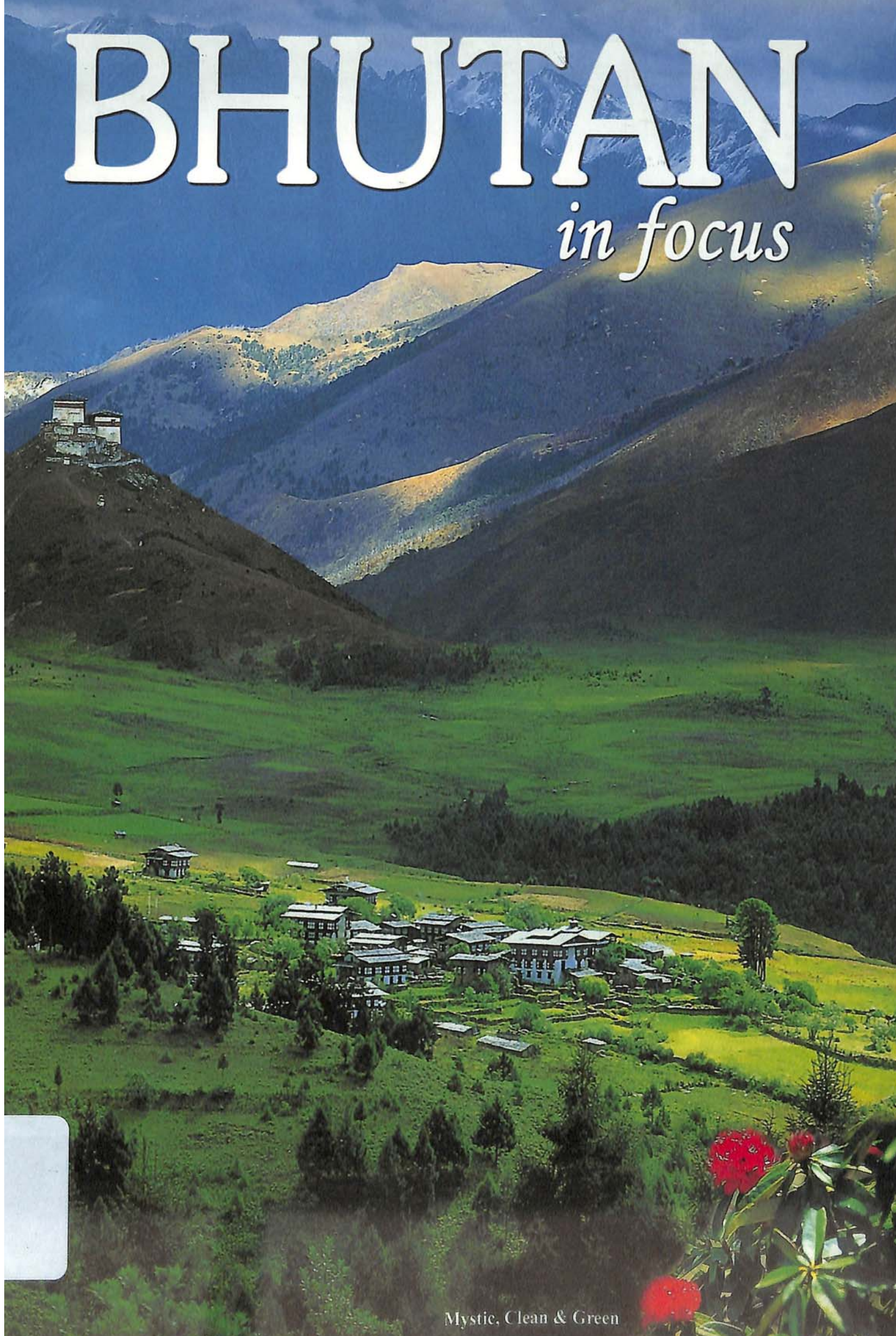


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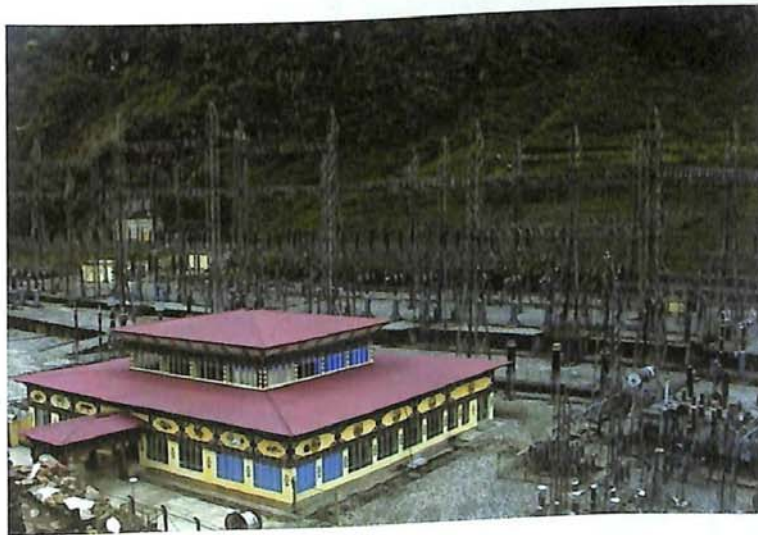
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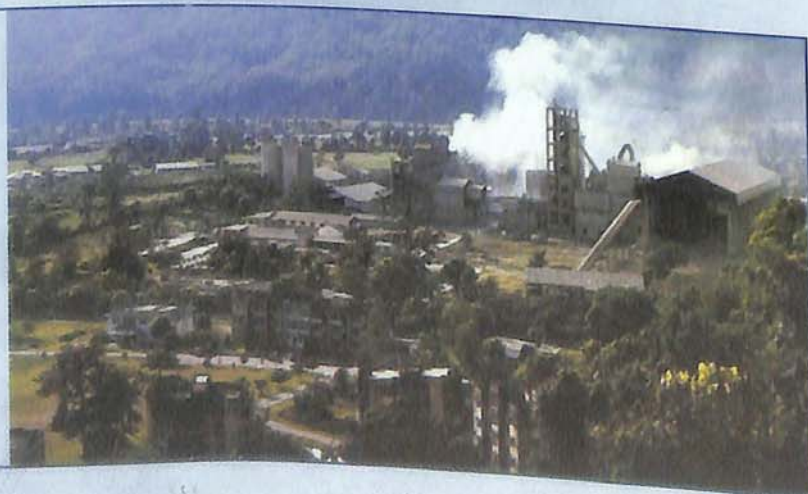
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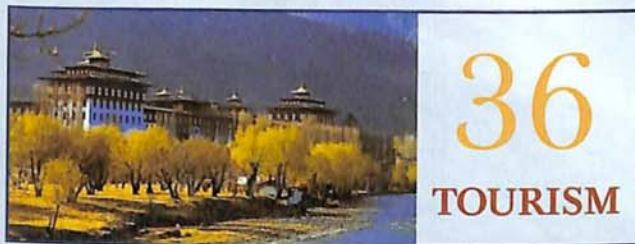
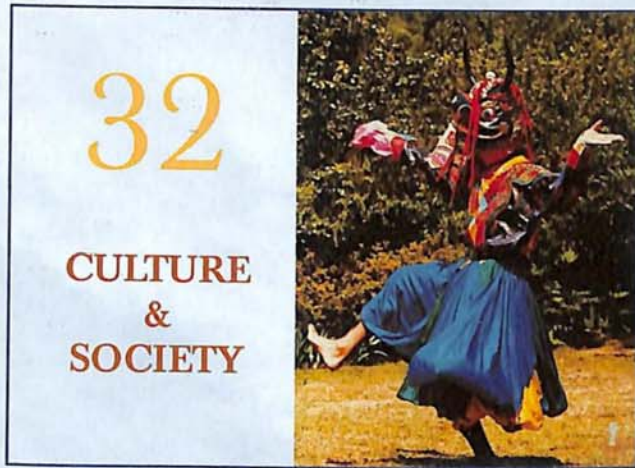
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BHUTAN IN FOCUS

17 DECEMBER 2003

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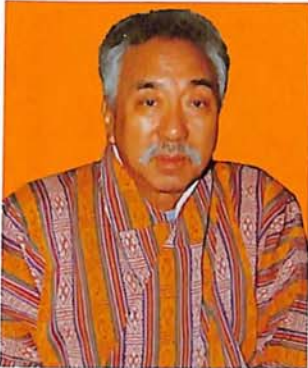
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Message



Lyonpo Dago Tshering
Ambassador

According to archeological artefacts unearthed so far Bhutan was inhabited and existed 4000 years ago. Throughout its history, Bhutan has remained a sovereign independent country. At a time when the country was passing through a difficult period of internal strife and weak administrative system, Gongsar Ugyen Wangchuck was unanimously elected by the representatives of the people through a signed resolution on December 17, 1907 as the first hereditary monarch of Bhutan.

This historic event establishing the institution of hereditary monarchy in Bhutan is being celebrated as the National Day. It has established the foundation for a peaceful and progressive Bhutan. The four successive monarchs have brought about unprecedented peace, stability and prosperity in Bhutan through far-reaching social, economic and political reforms in the Kingdom. Today, Bhutan has a per capita income of US \$ 755 and the citizens continue to enjoy free health services and educational facilities.

The National Day in the Kingdom of Bhutan is, therefore, a time for all Bhutanese to celebrate the country's manifold achievements since 1907, and its transformation into a modern nation. It also provides an occasion to reflect on how Bhutan can continue to forge ahead, while maintaining a balance between the attainment of material progress, and deeper and more abiding human search for happiness, as embodied in His Majesty's vision of Gross National Happiness. The people of Bhutan are confident that under the wise and dynamic leadership of His Majesty King Jigme Singye Wangchuck, the Kingdom will continue to enjoy the tranquility and progress in the years ahead.

I take this opportunity to warmly greet our friends in India for their continued support and understanding. The Kingdom of Bhutan enjoys friendly relations with all its neighbours, especially with India. The two countries have extensive and multi-dimensional relations, encompassing cultural, economic, and political ties. The socio-cultural fabrics woven through the ages and relations nurtured by geographical proximity have formed the basis for people-to-people contact since time immemorial.

The recent visits of His Majesty Jigme Singye Wangchuck, the King of Bhutan and His Royal Highness the Crown Prince, Dasho Jigme Khesar Namgyel Wangchuck to India have further reinforced the existing Bhutan-India ties. The milestone visits coupled with the concluded Festival of India in Bhutan stand out as proof of our growing good relations.

This publication, "Bhutan in Focus" has been produced with a goal to increase the understanding between our two peoples. I hope the readers will find the brochure useful as it provides an overview of the country and Bhutan-India relations.

BHUTAN at a Glance



Population:

Population 2002 (projected) - 716, 424
Males - 50.5 per cent
Females - 49.2 per cent
Population density 2002 - 18.7 persons per sq. km.
Birth rate 2000 - 34.1 per 1000 population
Death rate 2000 - 8.6 per 1000 population
Infant mortality rate 2000 - 60.5 per 1000 live birth
Population under age 15 - 42.1 %
Per capita GDP for 2002 - US\$ 755

Geography:

Total area - 46,500 square kms.
150 km. North to South
300 km. East to West
Terrain - Rugged mountain region; fertile valleys, flatland in the southern slopes
Forest area - 72.5% of the land area
Cultivated area - 7.8% of total land
Altitude - 100 m above sea level in the south to over 7,500 m above sea level in the north
Longitude - 88 45' and 92 10' East
Latitude - 26 45' and 28 15' North



Natural Resources:

Minerals: Dolomite, limestone, gypsum, slate, coal, talc, marble, zinc, lead, copper, tungsten, quartzite
Crops: Rice, Maize, Wheat, Potato, Millet, Buckwheat, Orange, Apple, Cardamom
Hydro Power: Potential of 30,000 MW.

Religion:

Drukpa sect of *Kargyupa*, a branch of Mahayana Buddhism (State Religion) and Hinduism

Language:

Bhutan's official language is *Dzongkha*. English is the medium of instruction in secular schools while *Choekey*, classical *Dzongkha* is used in traditional and monastic schools.

Currency:

Ngultrum (100 *chetrum* = 1 *Ngultrum*) (at par with the Indian Rupee)



The Cultural Symbols of Bhutan

The National Flag



The upper yellow half of Bhutan's flag signifies the secular authority of the King. It is the colour of fruitful action, both in religious and state matters. The orange half of the flag denotes the religious practice and spiritual power of Buddhism as it is manifested in the *Kargyupa* and *Nyingmapa* sects, the historic springs of the Bhutanese faith. The dragon honours the people's name for their country: *Druk Yul*, Land of the Thunder Dragon. Its colour, the white of purity expresses the loyalty of the country's racial and linguistic groups. The dragon's snarling mouth expresses the stern strength of the male and female deities protecting Bhutan, the jewels it clasps in its claws are symbols of the land's wealth and perfection.

The National Anthem

*In the Thunder Dragon Kingdom
Adorned with sandalwood
The protector who guards the
Teachings of the dual system,
He, the precious and the glorious ruler,
Causes dominion to spread
While his unchanging person
abides in constancy
As the dharma of Lord Buddha flourishes,
May the sun of peace and happiness
shine on the people.*

The National Emblem



The symbol of the sacred jewel at the top of the royal crest signifies that the Buddhist Sovereign is raised supreme above all heads, in the compassionate form of the triple gem. The crossed *Vajras* (diamond scepters) in the center represent the harmony between the noble and ancient customs of spiritual and secular law, and modern power and authority. The qualities essential for harmony flow naturally and imperceptibly from the spiritual essence of the *Vajra*. The male and female turquoise thunder dragons embrace in unity symbolize the name of the Kingdom: *Druk Yul*. *Druk* means thunder dragon, *yul* means land. The thunder of summer storms like a dragon's roar reverberates across mountains and valley speaking of the country's glory.

The National Symbols



National Animal
TAKIN



National Tree
CYPRESS



National Bird
RAVEN



National Flower
BLUE POPPY

History



King Ugyen Wangchuck
1907-1926



King Jigme Wangchuck
1926-1952



King Jigme Dorji Wangchuck
1952-1972



His Majesty the King
Jigme Singye Wangchuck
1972: Accession to the throne
1974: Coronation

The Kingdom of Bhutan or *Druk Yul* (the Land of the Thunder Dragon) is a country nestled in the Eastern Himalayas. The high Himalayas to the north separate the Kingdom from the Tibetan Autonomous Region of China, while the rugged Eastern Region borders the Indian states of Arunachal Pradesh, Assam, West Bengal and Sikkim.

A conscious policy of isolation complemented by formidable geographical barriers enabled the Kingdom to maintain its independence throughout its history. Ancient stone implements and other archaeological findings indicate that there were settlements in Bhutan dating back to 2000 B.C. The chronicled history of the Kingdom, however begins with the advent of Buddhism in the eighth century.

In 747 A.D., the Buddhist sage, Padmasambhava, popularly revered in Bhutan as *Guru Rimpoche* or the Precious Master, visited the country and introduced Buddhism. Since then, Buddhism has occupied a predominant role in shaping the social, political, economic and cultural evolution of the country. In the centuries that followed, *Lamas* or Buddhist teachers and local nobility established their own separate domains throughout the country.

In the 17th century, *Zhabdrung* Ngawang Namgyal (1594-1652), a leader of the *Drukpa Kargyu School* of Buddhism consolidated the country under a unified power and established the *Chhoesi* system of governance, whereby the temporal and religious authority were separated and vested in the *Druk Desi* (Temporal Head) and *Je Khenpo* (Spiritual Head) respectively. By the end of the 17th century, the country

emerged with a distinct national and cultural identity, as well as, an unprecedented degree of political stability.

During the second half of the 18th century, the country witnessed a resurgence of political instability. The unity of the country was affected by internal dissent. External threats in the latter half of the 19th century added a new dimension to the political quandary. It was against this background that the need for strong leadership emerged. Peace and stability were restored with the enthronement of His Majesty King Ugyen Wangchuck (1907-1926). On December 17, 1907 with the signing and sealing of the Oath of Allegiance in a grand ceremony in *Punakha Dzong*, Ugyen Wangchuck became the first hereditary monarch of the Kingdom of Bhutan. The great *Nga Chudrugma* seal of *Zhabdrung*, which was the official seal of all

successive *Zhabdrungs*, was imprinted in red on the top of the page of the document. It was then signed and sealed by all the members of the *Lhengye Tshog*, the Central Monk Body, *Penlops*, *Dzongpoens*, and other government officials as well as the senior monks.

The establishment of monarchy ushered in an era of peace and stability and most significantly unified the country under a central authority. It also set in motion a steady process of engagement with the outside world and laid the foundation for the country as a modern nation state.

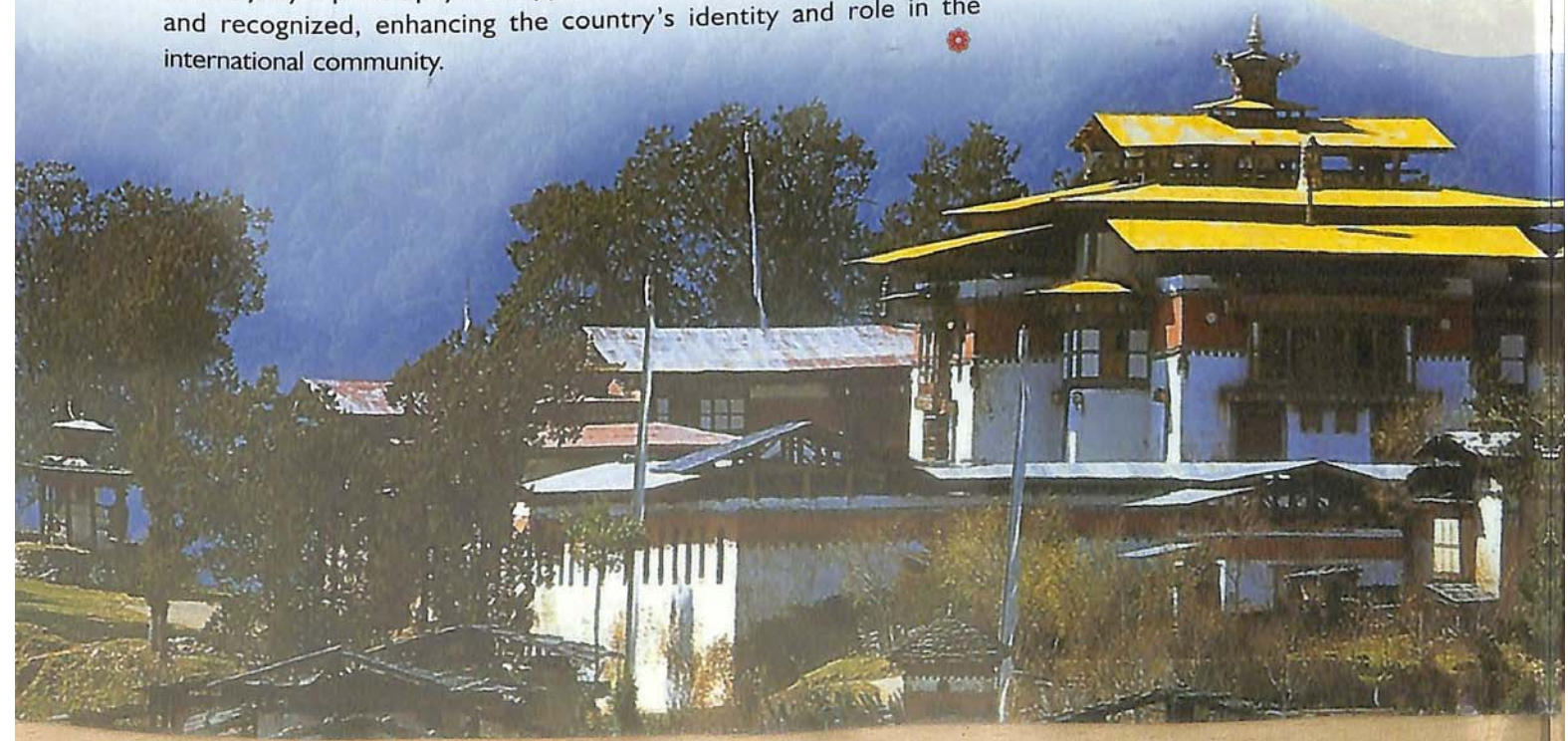
During the reign of the second King, His Majesty Jigme Wangchuck (1926-1952), the country took its first step towards modernization by sponsoring a programme of education and training of Bhutanese abroad. The third King, His Majesty Jigme Dorji Wangchuck (1952-1972) instituted far-reaching political, social and economic reforms. He instituted the National Assembly, the High Court, the Royal Advisory Council and a system of Government, which would be responsive to the social and economic needs of the people and the country. He initiated the planned development process in 1961. He also guided Bhutan to membership in the United Nations in 1971, ensuring the Kingdom a place in the international community.



His Majesty the King Jigme Singye Wangchuck confers with the people

Since the coronation in 1974, His Majesty the King Jigme Singye Wangchuck, the present King, has dedicated himself to defining and realizing a long-term vision and direction for the country. He set up a system of Government, which is responsive to the political, social and development needs of the country. The functions of the states were clearly defined and divided among the various organs of governance. He also pursued a process of democratization and involvement of the people in their own affairs from the community to the national level. His Majesty's philosophy and approach have been clearly established and recognized, enhancing the country's identity and role in the international community.

The establishment of monarchy ushered in an era of peace and stability and most significantly unified the country under a central authority. It also set in motion a steady process of engagement with the outside world and laid the foundation for the country as a modern nation state.





Governance

“The political system of the country must evolve so that the people would continue to enjoy peace and prosperity, justice, and the fundamental rights which have always been enshrined in the Bhutanese system”— His Majesty the King Jigme Singye Wangchuck

The Bhutanese system of governance is in many respects unique. It is a system that provides people with direct access to the nation's monarch. It incorporates a fora in which the people's elected representatives debate and make decisions on matters of national importance, with an agenda that is based upon the concerns and aspirations of local community. Evidence of the capacity of the system of governance for further evolution is provided by the importance accorded to decentralization aimed at further empowering local communities and at providing opportunities for them to share in decision-making on the future of the nation.

The Royal Government of Bhutan

His Majesty King Jigme Singye Wangchuck (born November 11, 1955), fourth in the Wangchuck Dynasty, is the Head of State. His Majesty the King was also the head of government until 1998 when he introduced profound changes during the 76th session of the National Assembly. Through an

unprecedented Royal Edict, he called for greater people's participation in the decision making process and devolved full executive authority to an elected Council of Ministers. The old Cabinet was dissolved and the National Assembly elected six new Cabinet Ministers through secret ballot. In keeping with the Royal Edict, the National Assembly also adopted a mechanism to register a vote of confidence in His Majesty the King. The 77th session of the National Assembly in July 1999 further debated and endorsed the mechanism for a vote of confidence in the King. The 81st session of the National Assembly, which concluded in August 2003 elected an expanded Council of Ministers of 10 members thereby strengthening the government.

Decentralization

In 1981 His Majesty introduced a programme of administrative and political decentralization. This enhanced democratic powers, social responsibilities, transparent processes and

decision-making at the grass roots level.

Election of Ministers

The greatest change in the devolution of power took place during the 76th session of the National Assembly in 1998. Through Royal Edict, the existing *Lhengye Zhungtshog* (Cabinet) was dissolved and the National Assembly elected the members of the Council of Ministers by a secret ballot. Full executive powers were devolved to the Council of Ministers.

Mechanism for Vote of Confidence

On the insistence of His Majesty the King, the 77th session of the National Assembly in July 1999 further debated and endorsed the *Chathrim* (the role and responsibility of the Council of Ministers) and the mechanism for a Vote of Confidence in the King.

Drafting a Written Constitution

With His Majesty the King at the helm, the Kingdom of Bhutan has taken yet another momentous

"The basic purpose of the Constitution is to ensure the sovereignty and security of the nation and the well being of the Bhutanese people for all time to come. The political system of the country must evolve so that the people would continue to enjoy peace and prosperity, justice, and the fundamental rights which have always been enshrined in the Bhutanese system"
– His Majesty the King Jigme Singye Wangchuck, 2001

stride into the future. Following a Royal Decree issued by His Majesty the King in September 2001, a drafting committee comprising of eminent representatives of the clergy, government, and the people are currently drafting a written constitution for Bhutan to establish a dynamic system of governance which would uphold the true principles of democracy.

In the words of His Majesty the King, "the basic purpose of the Constitution is to ensure the sovereignty and security of the nation and the well being of the Bhutanese people for all time to come. The political system of the country must evolve so that the people would continue to enjoy peace and prosperity, justice, and the fundamental rights which have always been enshrined in the Bhutanese system."

Furthermore, His Majesty the King has said, "once we are confident that we have a draft Constitution that will best serve the present and future interest of Bhutan and the Bhutanese people, the draft will be distributed and discussed with the people of all 20 districts, the business community, and civil servants. The drafting of the Constitution should eventually be a joint effort by all Bhutanese people for the benefit of the nation and the future generations." The final draft will then be formally submitted to the National Assembly for enactment.

National Assembly

The *Tshogdu* (The National

Assembly) which is the highest legislative body, was established in 1953 by the third King Jigme Dorji Wangchuck. It consists of 150 members; 105 are elected representatives of the people, 10 are from the Clergy and 35 are nominated representatives of the Government. The National Assembly, as the legislative body, is an independent institution, which elects Cabinet Ministers, approves annual budget and legislates acts governing the country and discusses issues of national importance. The people's representatives are directly elected by the people of their respective constituencies through consensus or by secret ballot. The voters have choices: men and women of proven integrity and community service stand for election. The representatives of the Clergy are elected by the *Dratshang* (Central Monastic Body) and the concerned *Rabdeys* (District Monastic Bodies). The representatives of the Government are nominated by the King from among senior civil servants. All members serve a term of three years. The Speaker and Deputy Speaker are elected by the National Assembly from among its members. The National Assembly which meets once a year enacts legislation and advises the government on all matters of national importance. Decisions are passed by a simple majority. A secret ballot is taken on all matters of national importance. Any Bhutanese citizen above age 25 can be a candidate for the membership of the National Assembly.

The Judiciary

The Judicial system of Bhutan is comprised of a three-tier hierarchy i.e. the Sub-Divisional-Court, the District-Court and the High-Court. People can approach His Majesty the King with grievances they face. The courts have both Appellate and Original jurisdiction, besides being courts of general jurisdiction, dealing with both civil and criminal cases.

With the establishment of the High-Court in 1968, consisting of the *Thrimchi Lyonpo* (Chief Justice) and seven *Drangpons* (Judges), and *Thrimkiduensa* (Courts) in all 20 *Dzongkhags* (Districts), and three *Dungkhag Thrimkiduensas* (Sub-Divisional-Courts), the Judicial System has been separated from the Executive and Legislative branches of the Royal Government. The Courts in each District and Sub-Division is headed by a *Drangpon* (Judge) and assisted by *Drangpon Ramjams* (Assistant Judges). The Registrars of the Courts are the first contact point for lodging a complaint or petition. The litigants may be represented by a *Jabmi* (legal counsel) in the courts. Minor disputes, however, are settled by *Barmis* (Mediators) at the village level.

The laws of the country have been codified in the *Thrimzhung Chhenmo* (Supreme Law), which was enacted by the National Assembly during several sessions in the 1950s, and some subsequent Acts passed by the National Assembly provides the

basis for the administration of justice.

Bhutan's Legal Code is based on a code laid down by *Ngawang Namgyal*, the first *Zhabdrung* who arrived in Bhutan in 1616. Traditional Buddhist precepts are significantly maintained in the legal processes.

The Cabinet

The *Lhengye Zhungtshog* (Cabinet) was established in 1968. With the devolution of power by His Majesty King Jigme Singye Wangchuck in 1998, the Cabinet is now the highest executive body in the country. It consists of the Council of Ministers and members of the *Lodey Tshogdey* (Royal Advisory Council). Its members are collectively responsible to His Majesty the King and the *Tshogdu* (National Assembly).

Royal Advisory Council

The *Lodey Tshogdey* (Royal Advisory Council or RAC) was formally established in 1965 to advise the King and government ministers and to supervise the implementation of programmes and policies laid down by the National Assembly. The Royal Advisory Council continues to be a consultative and advisory body. There are nine members of the Royal Advisory Council including the Chairman. Six members are elected representatives of the public, two elected representatives of the Clergy members, and one nominated by the Government which functions as a Chairman of the Council. The current Chairman DASHO RINZIN GYALTSHEN was appointed in July 1998.

The Monastic Body

Given the long religious history

of the country, the *Dratshang* (Monastic Body), continues to play an important role in the spiritual and cultural lives of the people. It not only engages in religious practices but also participates in important state institutions such as the *Tshogdu* (National Assembly) and the *Lodey Tshogdey* (Royal Advisory Council).

The Monastic Body comprises of the Central Monastic Body and the District Monastic Bodies. The current strength of the Monastic Body is about 3,500 registered monks and is financed by an annual grant from the Royal Government. The Monastic Body is the sole arbiter on religious matters. His Holiness the *Je Khenpo* (spiritual leader) is chosen from amongst high-

With the devolution of power by His Majesty King Jigme Singye Wangchuck in 1998, the Cabinet is now the highest executive body in the country

ranking monks. He is the Head of the Monastic Body and is assisted by four high ranking monks from the Central Monastic Body.

Local Government

Administratively, the country is divided into 20 *Dzongkhags* (Districts) composed of 201 *Gewogs* (Blocks). At the district, block and village levels there are established mechanisms that ensure people's participation in the decision making process. On the initiative of His Majesty the King, the decentralisation of the administration was implemented in 1981 through the establishment of the *Dzongkhag Yargye Tshogchungs* (District Development Committees or DYT's). It was followed by further decentralization to the Block

level in 1991 with the introduction of the *Gewog Yargye Tshogchungs* (Block Development Committees or GYT's). DYT's and GYT's have been set up in all Districts and Blocks. Since 2002, the chairpersons of both the DYT's and GYT's have for the first time in the history of the country all been elected by Universal Adult Franchise. Full administrative and financial authority has also been transferred to the elected chairpersons. Under the leadership and guidance of His Majesty the King, the strengthening of these national and local institutions and devolution of power from the centre have led to greater participation by the people, thus enabling them to play a greater role in the decision-making processes at all levels.

The 20 Districts, each administered by a *Dzongdag* (District Administrator) is responsible for civil administration and development activities.

Each District Administrator is assisted by a Deputy and various sectoral officials, who are responsible for implementation of activities in their respective districts. The larger Districts are sub-divided into Sub-Districts headed by Sub-District Administrators.

Except for a few nominated members, all other members of the National Assembly, Royal Advisory Council (9 members), District Development Committees (approximately 572 members) and Block Development Committees (approximately 3337 members), are elected directly by the people by way of simple majority or secret ballot when required.

Council of Ministers



Left to Right: Lyonpo Wangdi Norbu (Finance), Lyonpo Leki Dorji (Information & Communications), Lyonpo Kinzang Dorji (Works & Human Settlements), Lyonpo Sangay Ngedup (Agriculture), Lyonpo Jigmi Y. Thinley (Prime Minister and Minister for Home & Cultural Affairs), Lyonpo Yeshey Zimba (Trade & Industry), Lyonpo Khandu Wangchuk (Foreign Affairs), Lyonpo Thinley Gyamtsho (Education), Lyonpo Jigme Singay (Health), Lyonpo Ugyen Tshering (Labour & Human Resources)

[The 81st session of the National Assembly, which concluded in August 2003 elected an expanded Council of Ministers of 10 members. The Prime Ministership and Head of Government rotates among the Council of Ministers annually]

Cabinet Ministers

Lyonpo Jigmi Y. Thinley	Prime Minister and Minister for Home & Cultural Affairs
Lyonpo Yeshey Zimba	Minister for Trade and Industry
Lyonpo Sangay Ngedup	Minister for Agriculture
Lyonpo Khandu Wangchuk	Minister for Foreign Affairs
Lyonpo Kinzang Dorji	Minister for Works and Human Settlement
Lyonpo Thinley Gyamtsho	Minister for Education
Lyonpo Leki Dorji	Minister for Information and Communications
Lyonpo Jigmi Singay	Minister for Health
Lyonpo Wangdi Norbu	Minister for Finance
Lyonpo Ugyen Tshering	Minister for Labour and Human Resources

Secretaries to the Ministries, the Royal Civil Service Commission (RCSC), the Cabinet and the National Assembly

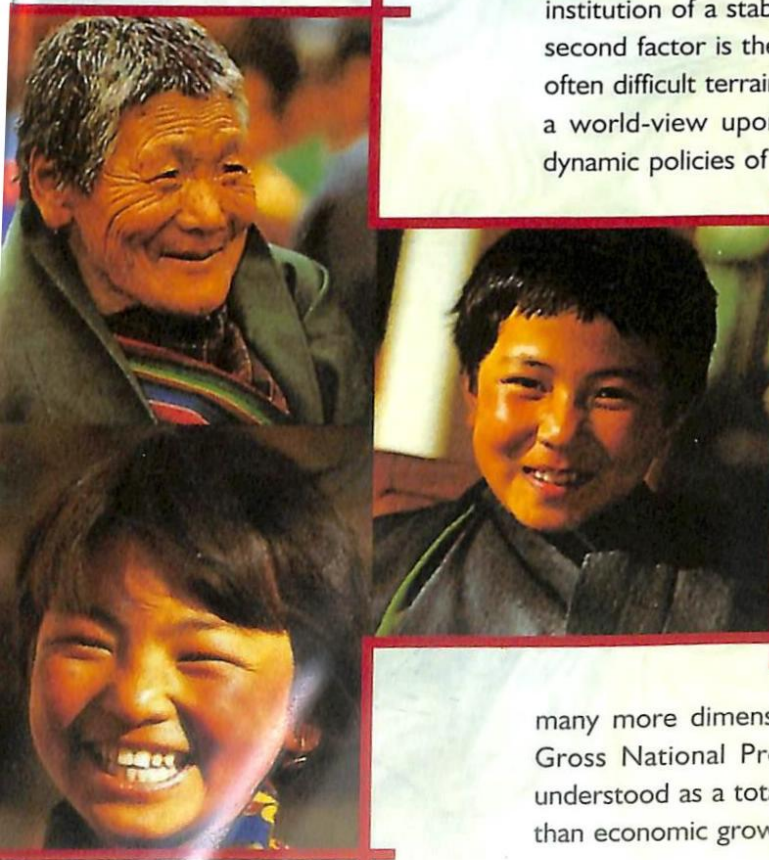
Dasho Sherub Tenzin	Cabinet Secretary
Dasho Bap Kesang	Secretary, RCSC
Dasho Jigme Zangpo	Secretary, National Assembly Secretariat
Dasho Penden Wangchuk	Secretary, Ministry of Home & Cultural Affairs
Aum Neten Zangmo	Secretary, Ministry of Foreign Affairs
Aum Yangki T. Wangchuk	Secretary, Ministry of Finance
Dasho Tashi Phuntsog	Secretary, Ministry of Information & Communications
Dasho Pem L. Dorji	Secretary, Ministry of Labour & Human Resources
Mr. Tshering Dorji	Secretary, Ministry of Works & Human Settlement
Mr. Pema Thinley	Secretary, Ministry of Education
Dr. Sangay Thinley	Secretary, Ministry of Health
Dasho Pema Wangchuk	Secretary, International Boundaries, Department of Survey and Land Records
Dasho Karma Dorji	Secretary, Ministry of Trade and Industry
Dasho Sangay Thinley	Secretary, Ministry of Agriculture



Development Philosophy: Gross National Happiness

The concept of GNH defines Bhutan's development objective as a definitive improvement in the happiness and satisfaction of the people rather than the mere growth of Gross National Product (GNP)

Three factors have exerted a major influence on the course of Bhutan's development. The first is that of a continuous and uninterrupted culture. As Bhutan was never conquered or colonized, the country developed an identity relatively free from outside influence, with the institution of a stable monarchy, and a deep sense of nationhood. The second factor is the environment, which is protected by mountainous, often difficult terrain. Thirdly, Vajrayana Buddhism has given the country a world-view upon which the Third and Fourth Kings based their dynamic policies of developing Bhutan's potential in every field.



This continuing process of development in Bhutan has been crystalized in a philosophy envisioned by His Majesty the King in the late 1980's. The concept of GNH defines Bhutan's development objective as a definitive improvement in the happiness and satisfaction of the people rather than the mere growth of Gross National Product (GNP). GNH has been the overarching development philosophy of Bhutan and has guided the country's development policies and programmes. GNH suggests that happiness is the ultimate objective of development. It recognizes that there are

many more dimensions to development than those associated with Gross National Product (GNP), and that development should be understood as a total process that seeks to maximize happiness rather than economic growth.

The country believes that, for a holistic development of the individual and society, it is essential that development achieves a sustainable balance between the economic, social, emotional, spiritual and cultural needs of the people. This has led to the declared objective of viewing development as a continuous process towards achieving a balance between the material and the intangible needs of individuals and society.


The concept reminds the country that the means must always be considered in terms of the end and, therefore, every step in material development and change must be measured and evaluated to ensure that it will lead to happiness, not just mere development.

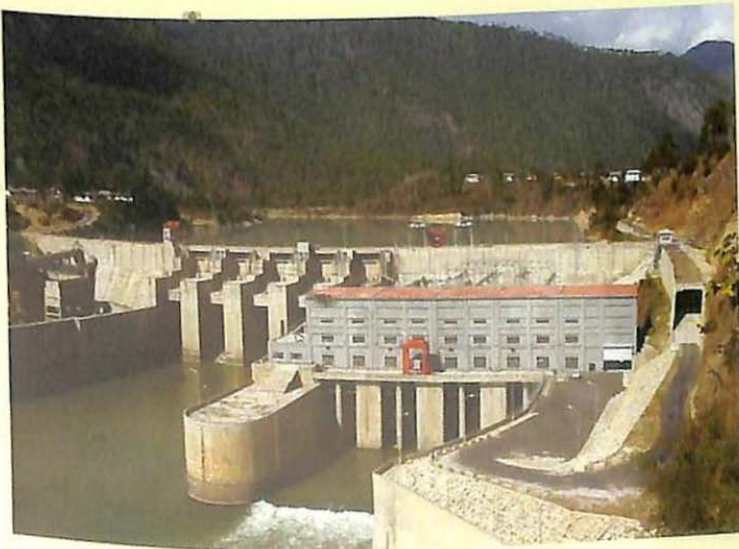
Having accepted that the maximisation of Gross National Happiness (GNH) is a philosophy and objective of the country's development, it was felt necessary to more clearly identify the main areas, and create the conditions to enable the people to attain greater happiness. Recognizing that a wide range of factors contribute to human well-being and happiness, and that it may not be possible to fully and exhaustively define or list everything for the purpose of its development planning, Bhutan has identified four major thrust areas as the main pillars of GNH. These are economic growth and development, preservation and promotion of cultural heritage, preservation and sustainable use of the environment, and good governance.

Guided by the philosophy of Gross National Happiness

The country believes that, for a holistic development of the individual and society, it is essential for development to achieve a sustainable balance between the economic, social, emotional, spiritual and cultural needs of the people.

(GNH), Bhutan has been making steady progress in every sector towards the goal of modernisation. Hydroelectric power, economically the most significant sector for Bhutan's goal of self-sustaining has grown impressively. The education, social services and health sectors have made great strides forward and continue to be most important social components of the country's development programme. The government's fiscal situation has been improving steadily.

Progress has been made in the development of human resources and the legal infrastructure. Full executive responsibility for running the government has been vested upon the Council of Ministers, elected by the National Assembly and the Drafting Committee is currently drafting a written Constitution for Bhutan to establish a dynamic system of governance, which would uphold the true principles of people's participation. 



The 60 MW (4x15MW) Kurichhu Hydroelectric Power Plant at Gyelpozhing in Eastern Bhutan

The Kurichhu **Hydroelectric Project**, implemented successfully with the financial and technical assistance of the **Government of India**, is yet another example of the excellent state of Indo-Bhutan relations and cooperation.

The project provides power to seven Dzongkhags (districts) in eastern and central Bhutan. Transmission system is under expansion for further reaching Kurichhu power to three more Dzongkhags. Surplus power, which is being exported to India, generates additional revenues for the **Royal Government of Bhutan**. Export of power to India is made possible through a 132 kV transmission system of 248 km that connects the project to the Indian grid.

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AND**

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Foreign Policy

The Foreign Policy of Bhutan is one based on the principles of peace, prosperity and friendship with all nations

His Majesty the King Jigme Singye Wangchuck has described the country's policy as being threefold:

"Firstly, we are committed politically to a strong and loyal sense of nationhood, to ensuring peace and security of our citizens and the sovereign territorial integrity of our land. Secondly, to achieve economic self-reliance and the capacity to begin and complete any project we undertake, and thirdly to preserve the ancient religious and cultural heritage that has for so many centuries strengthened and enriched our lives."

Foreign Relations

Following a period of self-imposed isolation, Bhutan opened its doors to the outside world by joining the Universal Postal Union in 1961 and the United Nations in 1971. Bhutan fully subscribes to the Charter of the United Nations and accordingly continues to play a committed role in all international affairs.

Bhutan's international relations have increased both in scope and content. Bhutan has diplomatic relations with 22 countries which includes Australia, Austria, Bahrain, Bangladesh, Canada, Denmark, the European

Union, Finland, India, Japan, Kuwait, Maldives, Nepal, The Netherlands, Norway, Pakistan, Singapore, South Korea, Sri Lanka, Sweden, Switzerland and Thailand.

Bhutan maintains resident diplomatic missions in New Delhi, Dhaka, Kuwait and Bangkok and Permanent Missions to the United Nations at New York and Geneva.

The Ambassadors of the Kingdom of Bhutan accredited to other countries are:

- Ambassador in Dhaka - Maldives, Pakistan, South Korea and Sri Lanka
- Ambassador to Delhi - Nepal and Japan
- Ambassador in New York - Canada
- Ambassador in Geneva - Austria, Denmark, Finland, The Netherlands, Norway, Sweden, Switzerland and the European Union
- Ambassador in Bangkok - Thailand, Singapore and Australia
- Ambassador in Kuwait - Bahrain

Relations with India

Bhutan and India enjoy close ties of friendship and cooperation. While formal diplomatic ties were established in January, 1968, relations between Bhutan

and India took substantive form following the visits by Pandit Jawaharlal Nehru to Bhutan in 1958 and His Majesty Late Jigme Dorji Wangchuck's visit to India in 1961. Since then, the spirit of trust and cooperation between the two countries has been growing. Over the years, they have developed a mutually beneficial relationship.

A major step towards this was made when the 336 MW Indo-Bhutan Friendship Project was commissioned at Chukha. The hydropower harnessing project constitutes over 40% of Bhutan's annual revenue and its export to India reached 77.6% in 2003. Bhutan also enjoys 90 per cent of its trade with India and will export more hydropower to India in the coming years.

SAARC

The Kingdom attaches great importance to SAARC (The South Asian Association for Regional Cooperation). Ever since the inception of SAARC, Bhutan has firmly supported and promoted its activities, and worked towards making the South Asian Region self-reliant. Consistent with its policy of developing friendly relations with all neighbouring countries, SAARC fulfils an important foreign policy objective of Bhutan. It has also displayed a keen interest in economic cooperation and various peace-making efforts in South Asia. 🌸

Bhutan's international relations have increased both in scope and content



Lyonpo Khandu Wangchuk
Minister for Foreign Affairs

'There can be no Prosperity Without Peace and Security'

At the 58th Session of the United Nations General Assembly, Lyonpo Khandu Wangchuk the Minister for Foreign Affairs emphasised that international peace and security and poverty alleviation were the main challenges confronting the world body

'Our collective resolve to combat the menace of terrorism must be matched with an equal commitment to eradicate the scourge of poverty that afflicts more than half the world's population'

“We have gathered in this magnificent hall year after year bound together by a common vision of a peaceful, and prosperous and just world. The end of the cold war gave us renewed hope for our collective resolve to bring to fruition our aspirations enshrined in the Charter of the United Nations. The historic Millennium Summit ushered in a sense of optimism that we can bring about a world free from want and fear. The horrific events of September 11 have unfortunately, shaken the very foundations of our nascent faith in our ability to deliver a new era of peace and prosperity. The situation in Iraq is a serious challenge to the international community. Three years ago, we stood united and confident about the prospects in the new millennium, giving a ray of hope to millions around the world. Sadly today, we stand as a house divided, uncertain about the future, and unsure whether we can rid the world of the vicious circle of conflict, poverty and fear that has plagued humankind for centuries.

It is clear that international peace and security and eradication of poverty remain the most pressing challenges confronting the international community. What must be recognized is the undeniable but often overlooked fact that these overarching goals are inter-linked and cannot be achieved in isolation. There can be no prosperity without peace and security. At the same time, peace and security cannot be sustained if billions are deprived of the basic necessities of life. Our collective resolve to combat the menace of terrorism must be matched with an equal commitment to eradicate the scourge of poverty that afflicts more than half the world's population.

We welcome your intention to focus the assembly's effort on the implementation of the outcomes of United Nations summits and conferences, including the Millennium Declaration Goals. The realization of a new economic order that is inclusive, equitable

'International support is crucial for countries emerging from conflicts'


and sustainable is an imperative that must be pursued with renewed focus and resolve. The Millennium Declaration provides a clear set of targets and steps to be undertaken to achieve them. The Monterrey Consensus, the Doha Development Agenda, and the Johannesburg Declaration provided further impetus towards the achievement of the MDGs. Yet, 33 countries that together account for 26% of world population, are reported to be off-track on more than half of the MDGs. The lack of progress so far is indeed disconcerting.

While emphasizing the need to accelerate the implementation of the commitments by both developed and developing countries at the various

international conferences, my delegation would like to highlight the critical need for adequate financing mechanisms through trade, investment and ODA. In particular, my delegation hopes that the special needs and vulnerabilities of LDCs, LLDCs, and SIDS will be comprehensively addressed as called for in the Brussels Program of Action, the Almaty Declaration and the Barbados Plan of Action respectively.

Of the 33 countries off-track in achieving the MDGs, 23 are in Sub-Saharan Africa, which highlighting the need for special attention to Africa. My delegation calls on the international community to lend its full support to the implementation of NEPAD. International support is

particularly crucial for those countries emerging from conflicts for without the rehabilitation of social and economic infrastructure, progress in peace-making cannot be sustained. In this context, we hope that the international community will also provide the necessary support to the peoples of Afghanistan and Iraq as they endeavor to rebuild their nations under the most trying circumstances.

Every member of the United Nations has the responsibility to eradicate poverty and create an enabling environment for peace and security. It is in the mutual interest of all nations, small or large, developed or developing, to collectively promote global prosperity and peaceful co-existence." 

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Kuzu Zangpo La



*National Day Greetings to
the citizens of Bhutan*



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Economy

Bhutan is endowed with enormous hydropower potential. With an estimated potential to generate about 30,000 MW of electricity, this sector is expected to contribute substantially to the economy.

The Bhutanese economy has undergone significant structural changes since the inception of planned economic development in the 1960s. Within a span of forty years, the country has transformed itself from a predominantly subsistence agrarian economy to a modern trading economy with expanding regional and global economic ties.


Agriculture is still the main source of livelihood for about 79 per cent of the people who live in the rural areas. The agricultural sector, including horticulture and livestock rearing contribute about 33.2 percent of the GDP. A majority of the farmers practice agriculture based on traditional methods, although farm mechanization and hybrid seeds have been introduced since the inception of planned economic development. The major crops of Bhutan include rice, wheat, maize and potatoes. Cash crops like apples, oranges and cardamom are also cultivated for export. There are also pastoralists who rear cattle and yaks and lead a nomadic life.

Agriculture	33.2%
Hydropower	10.8%
Manufacturing Sector	7.2%
Others	48.8%

Sectoral percentage share to GDP in current prices (2002)

Bhutan is endowed with enormous hydropower potential. With an estimated potential to generate about 30,000 MW of electricity, this sector is expected to contribute substantially to the economy. The power sector's contribution to the GDP in 2002 was 10.8%. The dominance of this sector is expected to rise with the completion of other mega hydro power projects.

The manufacturing sector in Bhutan is small and is dependent mainly upon agro or mineral based industries. This sector contributes about 7.2 per cent to the GDP. The main products include processed food, cement, ferrosilicon, calcium carbide and wood based industries. The manufacturing sector is expected to grow in the next few years with the establishment of more energy intensive industries.

The Royal Government, in its economic development endeavors, aims to strike a balance between the pace of economic development and the need to preserve Bhutan's unique cultural heritage and its pristine natural environment. 

Source: Division of Trade, Ministry of Trade & Industry, Royal Government of Bhutan

Trade

Foreign Trade

Bhutan's volume of international trade has increased significantly in recent years. Naturally, trade is heavily concentrated in the SAARC region and in the year 2000 covered 99.5 per cent of Bhutan's total trade. At the bilateral level, Bhutan and India have enjoyed free trade ever since the two countries signed a Treaty of Friendship in 1949. A formal agreement on trade and commerce was signed in 1972, initially for a period of 10 years. The present renewal extended it till 2005. Bhutan also has a Preferential Trading Arrangement (PTA) with Bangladesh and is

pursuing further trade liberalization initiatives with Bangladesh through negotiations for deeper reductions in tariff, elimination of non-tariff barriers, and expansion of product coverage under the existing PTA. Bhutan also intends to negotiate PTAs at a bilateral level with other countries like Nepal and Thailand.

At the regional level, Bhutan continues to push for greater liberalization initiatives within the SAARC Preferential Trading Arrangement (SAPTA) framework and also work towards a South Asian Free Trade Area (SAFTA).

Domestic Trade

Domestic trade in the country consists mostly of retail trading. Competition in this sector is promoted through encouragement of as many retail and wholesale dealers as possible. Seeking the cooperation of the principal companies in India and other countries to facilitate appointment of new/additional wholesale dealers continues as a policy of the government.

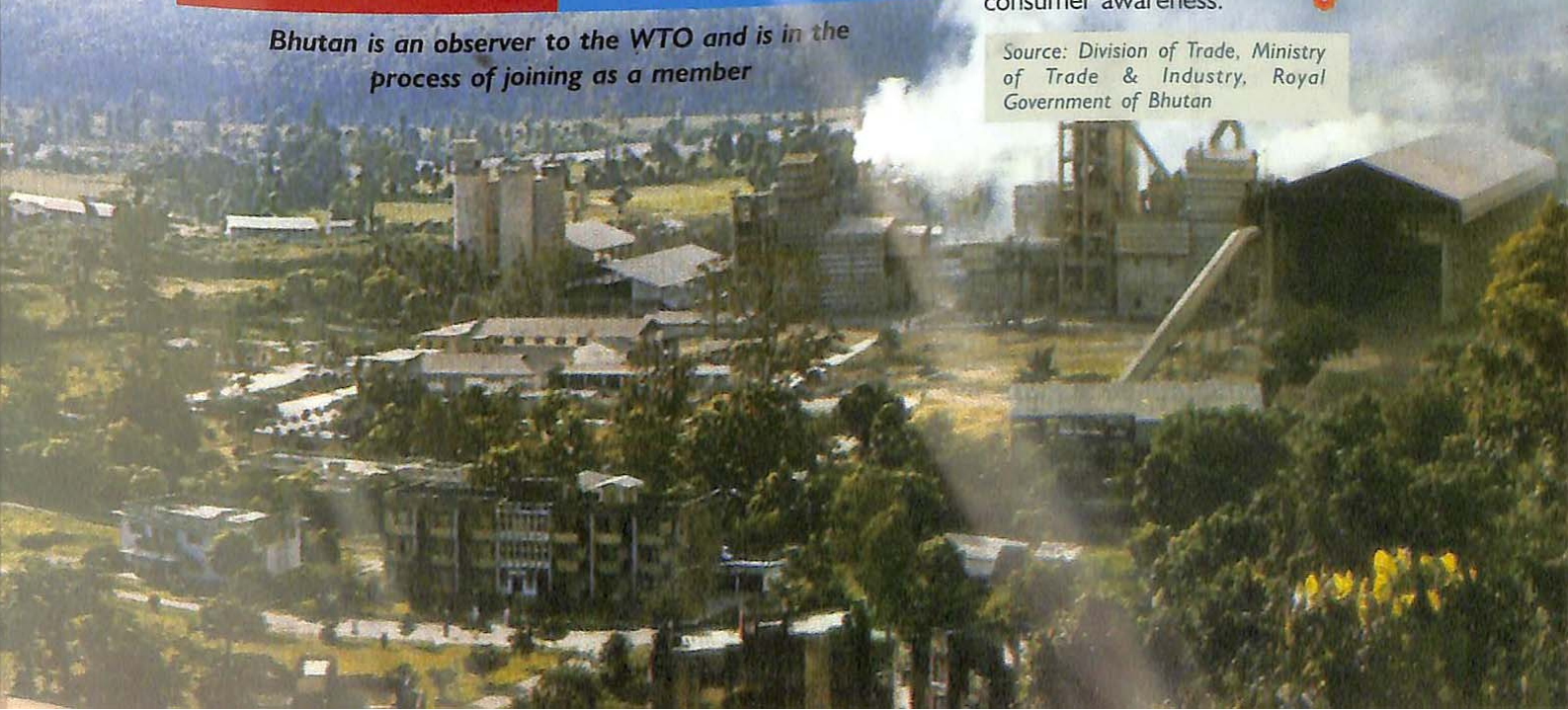
At present, all trading activities that do not fall within the purview of the service industries and the production and manufacturing industries are classified under trade. Trading licenses are issued according to categories of trade classification.

Since 1995, the government enforced the packaged commodities rules aimed at making packaged goods available at the labeled price – maximum retail price (MRP) particularly in the four major cities of Phuentshoring, Thimphu, Gelephu and Samdrup Jongkhar. The key policy objective of this initiative is to protect the interests of consumers and promote consumer awareness.

TOP TEN EXPORTS	TOP TEN IMPORTS
Electricity	Computer and Parts
Calcium Carbide	Passenger Motor Cars
Portland Cement	Rice
Ferro-silicon	Diesel
Particle Board	Trucks
Oranges	Edible Oil
Mixtures of Juice	Bulldozer Spare Parts
Potatoes	Electro-Mechanical Appliances
Bituminous Coal	Wheat
Rum	Angles of Iron and Steel

Bhutan is an observer to the WTO and is in the process of joining as a member

Source: Division of Trade, Ministry of Trade & Industry, Royal Government of Bhutan



Agriculture



Bhutanese agricultural practices, which are primarily based on the use of natural resources, have been passed on for centuries.



Lyonpo Sangay Ngedup
Minister for Agriculture

"Can we achieve food sufficiency? Keep our forest intact and air clean? Continue to maintain the ecological balance and sustain the rich biodiversity of our country? And through yours and ours efforts, can the younger generations' interests be kept alive in farming and rural life? The answer to these questions will largely hold key to Bhutan's future.

As a new entrant, I promise to work hard to the best of my ability to build strong partnerships by invoking the three pillars of efficiency, transparency and accountability, so that the RNR sector can grow from strength to strength".

Bhutan's population is largely rural and farming is a major source of income. While most of the country is covered by forests, the area suitable for agriculture is limited because of steep terrain and high altitude. The river valleys and the flat lands in the southern foothills account for most of the fertile cultivable land, whereas the northern alpine belt below the snowline is suitable only as pastures. The most recent estimates suggest that 7.8 per cent of the total land is used for agricultural production including dryland and irrigated crop production and orchards. Most rural households own livestock, which graze in forest areas and pastures.

Bhutanese agricultural practices, which are primarily based on the use of natural resources, have been passed on for centuries. Farmers developed farming systems – in various micro-climatic environments to meet their subsistence needs. Valley communities adapted and diversified their agro-pastoral activities to whatever opportunities the natural resources offered. A household would not only keep different kinds of livestock but would also own patches of cultivable and grazing lands. Farmers grew cereal crops and vegetables to meet their needs.

Agriculture is now in a transitional phase, evolving rapidly and is stimulated by changes in technological, market and policy environments. Since the 1980s, the cultivated land area has increased by more than 5,000 hectares. The steady growth in the crop and livestock sectors is due to the introduction of higher yield varieties of fruits, vegetables, rice and maize; more reliable irrigation; and more land being brought under cash crop cultivation. Farm mechanization has also introduced a new dimension to field work.

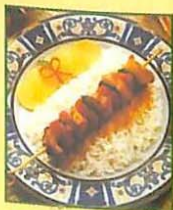
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Forestry

Bhutan is one of the few countries in the world, which can boast of an increase rather than a decrease in forest cover

In Bhutan the interaction between people and forests has always been intimate and strong. The farming systems depend heavily on forests for fodder, plant nutrients, firewood, fencing materials and farm tools and implements. Forests also provide produce such as mushroom, cane, fiddlehead ferns, etc. to supplement household food requirements.

Before the launching of the five-year development plans, the local civil administrators were responsible for the forests. Users had their defined territorial areas for collection of forest products, although there was no legislation governing its use. Forest fires were frequent due to slash-and-burn farming practices and deliberate setting of fires to improve grazing conditions for the farm animals. Commercial exploitation of forests was minimized and stern

rules were put in place to control poaching of flora and fauna.

With the enactment of the Forest Act in 1969, there has been a reduction in shifting cultivation and forest degradation through forest fires. This has subsequently contributed to the increase in the forest cover. After nationalization of forests, the Forestry Services Division took responsibility for stewardship of all types of forests, which were owned by the State.

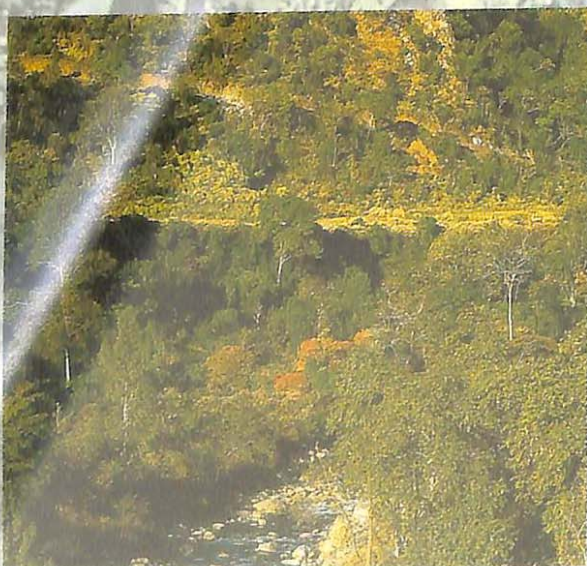
Since the creation of the Department of Forest in 1952 and Forestry Development Corporation, scientific forest management has been introduced and forest management plans prepared. Presently, there are 14 operational management units and six working schemes covering an area of 156,622 hectares. Under a Royal Decree, it is mandatory to maintain at least 60 per cent of its geographical area under forest cover at all times. Today, the country can lay claim to the largest forest cover in the world, with respect to its size.

Bhutan is one of the few countries in the world, which can

boast of an increase rather than a decrease in forest cover. Its policy is to place conservation ahead of economic exploitation of its forest resources. Bhutan has a total forest cover of 72.5 per cent, which is entirely natural and in relatively pristine condition. The type of forests range from evergreen broadleaf in the sub-tropical to deciduous broadleaf in the mid-hills and evergreen conifers in the temperate and alpine ranges.

Forests provide not only the domestic requirement for fuel, timber and fodder but also contribute substantially to the GDP. Besides these direct benefits, Bhutan's forests are also vital for sustaining the country's rich water and biological resources forming the basis for its immense potential for hydropower and tourism.

With conservation and sustainable utilization objectives of natural resources as the primary objectives of the Royal Government, the Forestry Services Division adopted a revised system of protected area management in 1993. Thus, a national system of protected areas consisting of four national parks, four wildlife sanctuaries and one strict nature reserve has been established. Currently 26 per cent of the country's total area is under the protected area management system.



Due to increased pressure on forest resources, afforestation and re-forestation programmes on barren, degraded and clear-felled areas have been initiated to improve the capacity of the country's forests. In total, about 17,874 hectares of such areas have been brought under plantation.



From March to October, the mountain forests are ablaze with an infinite variety of flowers like magnolia, rhododendrons and orchids

The protection of forests against encroachment, illegal felling and fire are some of the major challenges today which the Forestry and Nature Conservation Act, 1995 deals with effectively. Extension and education programmes to promote people's participation in the protection and

management of forest resources are being intensified. Pilot schemes to promote social forestry in the form of

community and private forests are being implemented in several parts of the country.

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Environment

The people of Bhutan have treasured their natural environment, and have lived in harmony with its elements respecting the sanctity of life and revering the mountains, forests and rivers as abodes of gods and spirits. The Buddhist faith being predominant, it has inculcated deeply in the people, the value that all forms of sentient life, not just human life, are precious and sacred.

Bhutan has been identified as one of the 10 bio-diversity hot spots in the world and as one of the 221 global endemic bird areas. Almost three fourths of land area is covered by forests of temperate and sub-tropical species that are a natural habitat for a diversity of flora and fauna. Its various eco-systems harbour some of the most exotic species of the eastern Himalayas. An estimated 770 species of birds and over 50 species of rhododendron, along with an astonishing variety of medicinal plants (over 300 species) and orchids are endemic to this region.

The country has one of the richest bio-diversity in the world with about 3,281 plant species per 10,000 square kilometers and has been declared one of the 10 global bio-diversity 'hotspots'.

Nine national parks and wildlife sanctuaries are home to some of the rarest and most significant animals in the world. This has become possible as a result of the combined efforts of the government and the people to keep the country's flora and fauna undisturbed. The exact number of mammalian species is unknown but over 165 have been reported. Rare animals like the golden langur, takin and snow leopard are found distributed widely. Tiger, leopard, elephant, red panda, gaur, serow, Himalayan black bear, brown bear, wild pig, musk deer are some large mammals found in many parts of Bhutan. The Phobjikha Valley in Wangdue Dzongkhag (District) and Bomdiling in Yangtse are two of the three wintering grounds for the rare Black-necked crane.

26 per cent of the country's total area has been declared as nature parks and reserves. These form a haven for a number of the world's rare and endangered species. Another nine per cent of the country



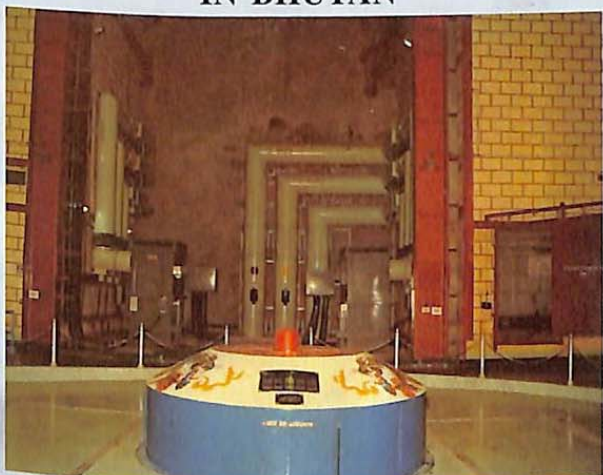
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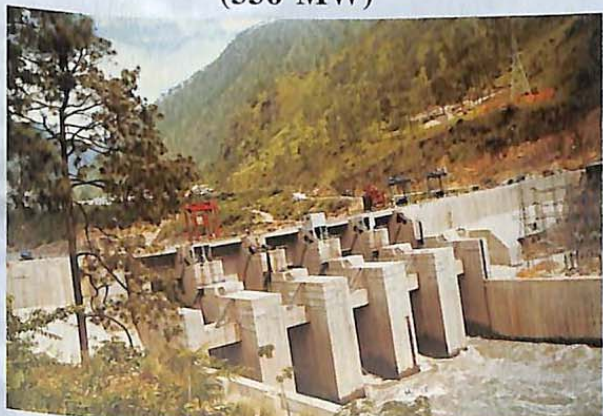
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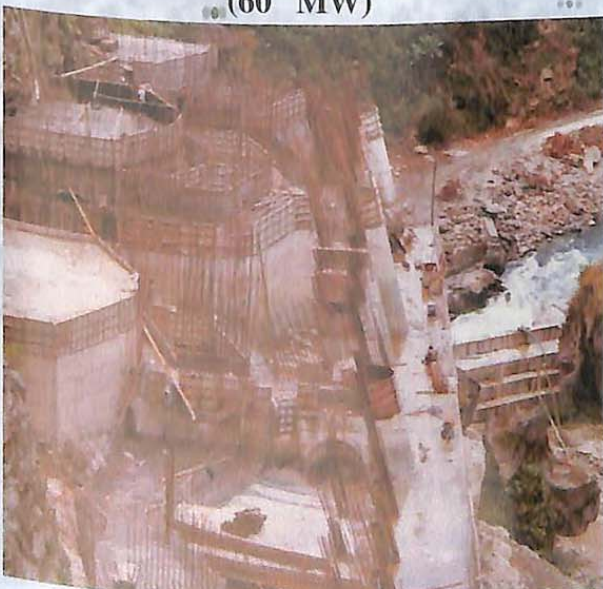
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- Representation on Technical Working Committees of BIS on "Hydro-electric Power House Structures" and "Water Conductor Systems".

Health

The government has maintained a system of free healthcare not only for Bhutanese citizens but also for all those who reside in the country

160 Basic Health Units and a 90 per cent health coverage with basic services. The health status of the population has improved markedly, especially during the last 10 years. National surveys conducted in 1984, 1994 and 2000 showed a tremendous increase in the access to safe drinking water and dramatic decrease in mortality and morbidity. The population growth rate has been brought down from 3.1 per cent in 1994 to 2.5 per cent in 2000.

The national healthcare delivery system is characterized by the central level being responsible for administration, training and major referrals and the Districts managing the delivery of basic services to the population through a network of District hospitals, Basic Health Units (BHUs) and outreach clinics (ORCs). ❀

Modern healthcare was introduced in Bhutan in the 1960s. However careful attention had always been given to traditional practice and the people's perception of illness. This has ensured that the modern healthcare services and indigenous medical services develop simultaneously.

Herbal-based, traditional medicine is well established and integrated into the general health services and remains a popular form of healthcare. Access to traditional medicine in the country has been significantly increased with traditional *Drungtshos* (Doctors) providing indigenous medical services in all *Dzongkhags* (Districts). Traditional medicine continues to hold an important place in the formal healthcare system as it not only adds an important dimension to the country's system of healthcare, but also provides an alternative form of healthcare.

An integrated healthcare delivery system was foreseen as an effective strategy to reach the scattered population in Bhutan's rugged terrain. The declaration of Alma Ata in 1978 adopting a primary healthcare approach to achieve 'Health for All' has also served to accelerate health service development in this direction.

The government has maintained a system of free healthcare not only for Bhutanese citizens but also for all those who reside in the country. In 1961 there was hardly any modern facility in Bhutan. Today, the country has more than 29 hospitals,



Her Majesty the Queen Ashi Sangay Choden Wangchuck, the UNFPA Goodwill Ambassador in Bhutan has taken the lead as a prime advocator for population activities



Education

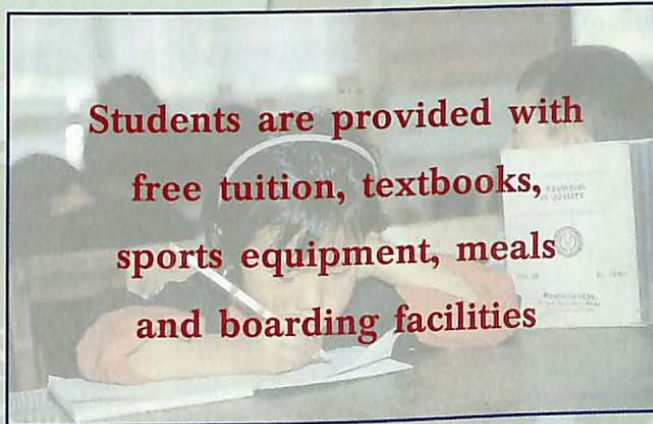
Until the 1950s, monastic education was the only form of education available in the country. While, monastic education continues to play an important role in Bhutan, modern, western form of education has been promoted and expanded and is now available throughout the country. Since its introduction, within a period of four decades, the government was able to create a modern education system spanning from primary to tertiary level. Enrolment at all levels has grown at an impressive rate from approximately 400 students prior to 1961 to 1,45,079 students in 2003, spread over 426 schools and institutes. The gross primary enrolment ratio was estimated to be 89 per cent in 2003, and is increasing annually at a rate of 6-7 per cent. The increase in enrolment has been attributed to the awareness on the value of education amongst the public, the population growth as a result of improvement in the health services and the priority being accorded to education services by the Government. Furthermore, the Education Department has since 1993 begun an Adult Literacy Programme. Another major policy shift in

recent times has made secondary education more relevant by introducing a basic skills training programme within the curriculum.

The Royal University established in 2003 encompass Sherubtse College, the National Institutes of Education at Paro and Samtse, the Institute of Language and Culture Studies, the Royal Institute of Health Sciences, the National Institute of Traditional Medicine, Royal Institute of Management, Royal Bhutan Institute of Technology and National Resource Training Institute offer higher education in Bhutan.

The tradition of entitlements and welfare in the country

has emphasized free education even in the medieval period when the state supported free monastic education. Similarly, in modern Bhutan, education is accessible to everyone. Students are provided with free tuition, textbooks, sports equipment, meals and boarding facilities where required. Students in rural schools are even provided with free stationery. This free provision is balanced by appropriate contributions from the parents to engender a sense of participation amongst the communities.



Students are provided with free tuition, textbooks, sports equipment, meals and boarding facilities



Her Majesty the Queen Ashi Tshering Pem Wangchuck assisting a child at the Draksho Vocational Centre for the Disabled in Thimphu