

India-Bhutan Strategic Dialogue

April 2 to April 4, 2014

Joint Statement

The India-Bhutan Strategic Dialogue took place in New Delhi on April 3 and 4, 2014. The dialogue focused on:

1. India and Bhutan: Finding Common Ground
2. Economic ties: Boosting bilateral trade, investment and cross-border infrastructure
3. Water, Food and Energy Security : India and Bhutan confronting the challenge of Climate Change
4. Strengthening political relations: Fresh perspectives
5. Fostering regional cooperation
6. India and Bhutan: The Way Forward

The two sides agreed that India and Bhutan enjoy close and friendly relations, with a high degree of mutual trust and confidence. Their relations encompass political, economic and cultural relations which have been expanding in scope and in substance. Nevertheless, it is necessary for both sides not to take their current, positive relations for granted. Efforts must be made on a sustained basis to nurture and enhance their privileged relationship.

The regional and global environment is in the midst of far reaching changes and these changes are accelerating. Both India and Bhutan must constantly adapt to this changing environment, so that they cooperate together to meet the new challenges that will confront them. India and Bhutan need to articulate a vision for the cooperation in the future.

The Dialogue welcomed the initiatives being taken to broaden the engagement between the two countries to include youth, civil society, political and social activists, cultural personages, artists and scholars. This has become particularly important as our two countries are now sister democracies with a common stake in promoting democratic and liberal values.

The Dialogue identified several challenges which confront the two countries:

- i) The open border between the two countries needs better management to prevent illegal migration, trafficking of contraband goods and criminal activity. As the population concentration on India-Bhutan border increases, there is an urgent need to regulate cross-border movement of people and goods. They agreed that cross-border infrastructure must be improved including roads, railways and digital connectivity.
- ii) While the two countries have successfully pursued mutually beneficial cooperation in the hydro-power sector, it was now necessary to ensure that on-going and planned projects follow the best and ecologically sustainable practices. These projects must contribute to inclusive growth and energy access to people on both sides of the border. It is likely that Climate Change may affect the hydrology of our common rivers and impact on our cooperation in the hydro-power sector. The Dialogue recommends that this on-going challenge be addressed on a timely basis through intensive engagement. Data generation and data sharing in this regards is of critical importance. This engagement may also focus on the issue of pricing of power.
- iii) The Dialogue recognized that India has made a valuable contribution to education and capacity building in Bhutan. However, there is a need to expand the access of Bhutanese youth to high quality education in India's institutions of higher learning.
- iv) The Dialogue recommended that the two countries promote more diversified and balanced bilateral trade and investment relations. This is necessary to address the problems of rupee

shortage being faced by Bhutan. In the meantime, measures need to be taken to meet the liquidity needs of Bhutan, including through the establishment of Bhutanese banks in India across the border from Bhutan. To meet the growing need to expand employment opportunities for educated youth in Bhutan, it is recommended that Bhutan could consider promotion of service industries in the education and health sectors and pursue high value added activities such as Floriculture. The Dialogue recommended promotion of cultural exchanges between the two countries, in particular to raise awareness of the shared Buddhist heritage.

- v) The Dialogue also considered the role that India and Bhutan could play in promoting regional economic cooperation through SAARC and sub-regional vehicles such as BIMSTEC. Both countries recognize that regional cooperation can enhance the prospects of economic and social development for both countries as well as for other countries in South Asia. It was recognized that challenges on Climate Change and public health could be addressed through regional cooperation.
- vi) The Dialogue also recognized the impact social media could have in shaping opinions and recommends that the two governments consider ways to provide timely release of relevant news items to the media to ensure more balanced information in the public domain.
- vii) The dialogue also recommended that an Action Plan and a Long Term Vision be formulated for Indo-Bhutan relations.

The participants in the Dialogue thanked the Ananta Aspen Centre and The Thimphu Seminars for the excellent arrangements made for the Dialogue. They agreed that this exchange of views between the two sides proved to be of value to both sides and should be continued in the future. They look forward to meeting again in Thimphu on mutually convenient dates.