

**Embassy of India
(Thimphu)

Commercial Report for the month of December, 2022

1. Bhutan's Trade Volume with India during the period April – June 2022 (Source: Bhutan Trade Statistics, RGoB)

	Total Trade (in cr)			Exports (in cr)			Imports (in cr)		
	April-June 2022	April-June 2021	% Growth Y-O-Y	April-June 2022	April-June 2021	% Growth Y-O-Y	April-June 2022	April-June 2021	% Growth Y-O-Y
Bhutan's Trade with India (including electricity)	3643.93	2775.16	31.31	1220.42	1257.51	-2.95	2423.5	1517.64	59.69
Bhutan's Trade with India (excluding electricity)	3040.24	2177.01	39.65	616.74	662.59	-6.92	2423.5	1514.42	60.03
Trade in Electricity	603.69	598.14	0.93	603.69	594.92	1.47	0.00	3.22	-99.97
Trade Balance including electricity	1203.08 (In India's favour)								
Trade Balance excluding electricity	1806.77 (In India's favour)								

2. Bhutan's Trade Volume with countries other than India during the period (Source: Bhutan Trade Statistics, RGoB)

	Total Trade (in cr)			Exports (in cr)			Imports (in cr)		
	April-June 2022	April-June 2021	% Growth Y-O-Y	April-June 2022	April-June 2021	% Growth Y-O-Y	April-June 2022	April-June 2021	% Growth Y-O-Y
Bhutan's Trade with rest of the world	1410.6	545.1	158.8	245.41	128.61	90.8	1165.17	416.49	179.8
Trade Balance	(919.76)								

3. Bhutan's Overall Trade Volume during the period April – June 2022 (Source: Bhutan Trade Statistics, RGoB)

	Total Trade (in cr)			Exports (in cr)			Imports (in cr)		
	April-June 2022	April-June 2021	% Growth Y-O-Y	April-June 2022	April-June 2021	% Growth Y-O-Y	April-June 2022	April-June 2021	% Growth Y-O-Y
Bhutan's Overall Trade (including electricity)	5054.5	3320.2	52.2	1465.84	1386.12	5.8	3588.68	1934.13	85.5
Bhutan's Overall Trade (excluding electricity)	4450.8	2722.1	63.5	862.15	791.2	9.0	3588.68	1930.9	85.9
Trade Balance including									

electricity	(2122.84)
Trade Balance excluding electricity	(2726.53)

4. Top Ten commodities of Imports from India during the period April-June 2022 (in cr) (Source: Bhutan Trade Statistics, RGoB)

S.No	BTC Code	Particulars	April-June 2022	April-June 2021	% Growth	% of share of Total Global Import
1	2710.19.15	Other light oils and preparations (HSD)	255.02	140.31	81.76	10.52
2	2704.00.10	Coke and semi-coke	106.82	51.35	108.01	4.41
3	2710.12.10	Motor spirit (gasolene) including aviation spirit (petrol)	75.31	41.33	82.24	3.11
4	4402.90.00	Other (Wood Charcoal)	65.09	42.97	51.45	2.69
5	1006.30.00	Semi-milled or wholly milled rice, whether or not polished or glazed	57.14	72.62	-21.31	2.36
6	7203.10.00	Ferrous products obtained by direct reduction of iron ore	44.54	6.84	551.27	1.84
7	1507.90.00	Other (Soya-bean oil and its fractions, whether or not refined, but not chemically modified.)	42.68	51.84	-17.67	1.76
8	8704.21.00	Motor vehicles for the transport of goods: g.v.w. not exceeding 5 tonnes	38.57	16.74	130.36	1.59
9	8410.13.00	Hydraulic turbines, water wheels, and regulators therefor Of a power exceeding 10,000 kW	37.42	1.68	2123.51	1.54
10	2713.20.00	Petroleum bitumen	35.42	9.91	257.29	1.46

5. Top Ten commodities of Exports to India during the period April-June 2022 (in cr) (Source: Bhutan Trade Statistics, RGoB)

S.No	BTC Code	Particulars	April-June 2022	April-June 2021	% Growth	% of share of Total Export to India
1	7202.21.00	Containing by weight more than 55% of silicon	355.02	382.01	-7.07	57.56
2	7202.30.00	Ferro-silico-manganese	54.62	56.58	-3.46	8.86
3	2518.10.20	Dolomite, not calcined or sintered, chips	39.68	27.35	45.1	6.43

4	2202.99.90	Nonalcoholic Beverages, Others (including Milk-based Drinks)	20.55	6.63	209.72	3.33
5	2518.10.30	Dolomite, not calcined or sintered, lumps and slabs	20.01	20.96	-4.54	3.24
6	2523.29.10	Ordinary portland cement	15.38	16.62	-7.45	2.49
7	0908.31.00	Cardamoms- Neither crushed nor ground	13.8	20.87	-33.87	2.24
8	2849.20.00	Carbides, whether or not chemically defined of silicon	13.59	7.98	70.26	2.2
9	2520.10.00	Gypsum; anhydrite	10.54	9.14	15.41	1.71
10	2523.29.30	Portland pozzolana cement	9.05	36.84	-75.43	1.47

6. **Top Ten commodities of Imports from countries other than India during the period April – June 2022 (in r)**
(Source: Bhutan Trade Statistics, RGoB)

S.No	BTC Code	Particulars	April-June 2022	April-June 2021	% Growth	% of share of Total Import from Countries other than India
1	8471.50.00	Processing units other than those of subheading 8471.41 or 8471.49, whether or not containing in the same housing one or two of the following types of unit : storage units, input units, output units	529.85	173.88	204.72	45.47
2	3002.41.00	Vaccines for human medicine	54.35	N.A	N.A	4.66
3	2602.00.00	Manganese ores and concentrates, including ferruginous manganese ores and concentrates with a manganese content of 20% or more, calculated on the dry weight	51.14	N.A	N.A	4.39
4	8523.80.90	Media, recorded, incl. matrices and masters for the production of discs (excl. magnetic, optical and semiconductor media, and products of chapter 37	33.15	0.05	N.A	2.84
5	8471.30.00	Portable automatic data processing machines, weighing not more than 10 kg, consisting of at least a central processing unit, a keyboard and a display	29.74	20.86	42.58	2.55
6	8517.13.00	Smartphones	19.83	N.A	N.A	1.70
7	2619.00.00	Slag, dross (other than granulated slag), scalings and other waste from the manufacture of iron or steel	18.87	2.23	744.59	1.62

8	8517.62.00	Machines for the reception, conversion and transmission or regeneration of voice, images or other data, including switching and routing apparatus	15.50	7.83	97.99	1.33
9	8517.61.00	Base stations of apparatus for the transmission or reception of voice, images or other data	15.18	4.93	207.86	1.30
10	8430.31.00	Self-propelled coal or rock cutters and tunnelling machinery (excluding hydraulically operated self-advancing supports for mines)	11.89	N.A	N.A	1.02

7. **Top Ten commodities of Exports to countries other than India during the period April-June 2022 (in cr)/(Source: Bhutan Trade Statistics, RGoB)**

S.No	BTC Code	Particulars	April-June 2022	April-June 2021	% Growth	% of share of Total Export to Countries other than India
1	7202.21.00	Containing by weight more than 55% of silicon	84.3	12.03	600.58	34.35
2	2516.90.10	Boulders	37.41	48.81	-23.35	15.25
3	2517.10.00	Pebbles, gravel, broken or crushed stone, of a kind commonly used for concrete aggregates, for road metalling or for railway or other ballast, shingle and flint, whether or not heat-treated	32.67	19.08	71.27	13.31
4	0908.31.00	Cardamoms- Neither crushed nor ground	26.94	19.85	35.66	10.98
5	2521.00.90	Limestone and other calcareous stone	16.34	6.74	142.29	6.66
6	7202.30.00	Ferro-silico-manganese	13.83	0.55	2431.2	5.64
7	1211.90.50	Cordyceps sinensis (yertsha gein bhup)	6.82	1.81	277.33	2.78
8	0908.11.00	Nutmeg- Neither crushed nor ground	2.68	N.A	N.A	1.09
9	0910.11.00	Ginger- Neither crushed nor ground	2.27	0.31	627.48	0.92
10	2518.10.10	Dolomite, not calcined or sintered, Powdered	2.19	2.03	8.34	0.89

9. **Border - trade point wise trade with India during the period April-June 2022 (in cr) (Source: Bhutan Trade Statistics, RGoB)**

Region/Checkpost	Export to India	Import from India	Total trade	Percentage share of total trade with India
Gelephu	27.84	234.14	261.98	8.62
Paro	0	3.16	3.16	0.1
Phuentsholing	369.66	1836.67	2206.33	72.57
Samdrupjongkhar	132.76	251.14	383.91	12.63
Samtse	86.48	97.13	183.61	6.04
Thimphu	0	1.25	1.25	0.04

10. Border-trade point wise trade with rest of world during the period April – June 2022 (in cr) (Source: Bhutan Trade Statistics, RGoB)

Region/Checkpost	Export to other countries	Import from other countries	Total trade	Percentage share of total trade with rest of world
Gelephu	20.09	0	20.09	1.42
Paro	1.68	175.26	176.94	12.54
Phuentsholing	144.41	898.07	1042.48	73.9
Samdrupjongkhar	30.35	3.42	33.77	2.39
Samtse	42.94	8.77	51.71	3.67
Thimphu	5.95	79.65	85.6	6.07

11. **Trade Policy development (TBT/SPS/Anti dumping etc.):** The Royal Government of Bhutan has banned the conduct of consumer trade fairs and general fairs that involve external parties and imported goods with effect from 23.12.2022. Only thematic fairs meant for promoting local goods and services and for export purposes will be allowed with prior approval from the Royal Government of Bhutan.

12. **Tender information :**

Information on tender Notice for projects and procurement of interest to Indian project exporters/suppliers (USD 15 million & above)

Sl. No.	Tender/procurement notice no. and date	Sector	Value of tender/procurement
	NIL during the period		

13. Development -

INTERNAL

1. 30th December 2022: Bhutan's economic growth rate as measured by its gross domestic product (GDP) is predicted to be 4.95 percent in 2022 and downgraded to 4.63 percent in 2023. The nation's economy is anticipated to expand more strongly the following year as the Indian economy expands more rapidly .
2. 720 MW Mangdechhu Hydroelectric Project was handed over to Druk Green Power Corporation (DGPC), Bhutan on 27th December 2022. Project has generated more than 9000 million units of energy since its commissioning, reducing 2.4 million tons of emissions annually, and earning Bhutan more than Rs. 12 billion in export revenue in 2021 .
3. The Economic Affairs Ministry has banned the conduct of consumer trade fair and general fairs that involves external parties and imported goods i.e. w.e.f. 23.12.2022. Only thematic fairs meant for promoting local goods and services and for export purposes will be allowed. This is to balance the overall trade between the country's imports and exports.
4. Duty Free quota privileges will be withdrawn from 1st January, 2023 except for diplomats and international organizations governed by agreements. This is one initiative geared towards bringing in desired structural reforms.
5. 27th December 2022: With the re-opening of the economy, the total credit growth of financial institutions (FIs) saw an increase by 9.2 percent as of September this year from the same month last year, the Royal Monetary Authority figures show. Credit growth is good for an economy because FI's credit growth signals an economic recovery.
6. 21st December 2022: The 1,020 MW Punatsangchhu-II Hydropower Project Authority (PHPA) has reached an important milestone in the second stage of river diversion. The PHPA-II construction work is now approximately 93% complete. Ambassador Sudhakar Dallela, along with the Economic Affairs Minister Loknath Sharma, Bhutan, witnessed the second phase river conversion at the project site.
7. Ngultrum's value against the US dollar has fallen about 12% since January of this year, hitting an all-time high of Nu 84 per US dollar as of 20th December. This means we have to pay Nu 84 to buy USD.
8. The total import bill at Nu 93.03B as of September this year already surpassed one-year's import of Nu 90.23B in 2021. About 70 percent was imported from India. The prices of goods and services became costlier by 6.05 percent in September compared to the same month last year.
9. 21st December 2022: As of December 1, this year, the country's international reserve position was at USD 776.6mn with the Indian Rupee reserve in Royal Monetary Authority (RMA) forming Rs 6.3bn, and the convertible currency reserve USD 603.61mn. The rupee reserve was Rs 8.9bn as of December last year. The rupee reserves have been on a downward trend since April this year.
10. 20th December 2022: Cereal production has been in a downward spiral in the country. Farmers have placed more emphasis on vegetable production due to market availability and profits. Agriculture Ministry says this is due to a declining workforce in cereal cultivation. Farmers, on the other hand, are placing more emphasis in vegetable production.

11. 14th December 2022: According to Finance Minister of Bhutan, Bhutan's fiscal deficit will decrease from 11.01 percent of gross domestic product (GDP) to less than 5 percent by the end of fiscal year 2022-23. This means the budget deficit will fall below Nu 10.4 billion (B) from a budget deficit of Nu 22.89B in September this year.

12. The Ministry of Economy (MoEA) has launched Bhutan Trade Finnet (BTFN) System - Phase 1 - Import by wholesalers from countries other than India on 12th December 2022. This system facilitate cross-border trade and transaction by automating and integrating import licences and clearances.. With the launch of this module, any wholesaler importing from a country other than India (COTI) can register as a system user in the BTFN system.

13. Bhutan's two official trade routes with India have been approved and are expected to be operational after the official launch next month. Government of India on 08 December notified that Kulkuli Land Customs Station (LCS) and Nagarkata LCS in West Bengal had been upgraded as a full-time LCS without any commodity restrictions.

14. Kholongchhu Project to be a fully DGPC owned subsidiary. Both India and Bhutan India reached an agreement that the Druk Green Power Corporation (DGPC) will take complete ownership of the project by buying back the shares of Satluj Jal Vidyut Nigam Ltd (SJVNL). Both DGPC and SJVNL will settle the transfer of shares by the end of December. To take the project forward, the GoI will provide support in terms of access to finance from India and market for power sale.

15. As of December 1, the reserve stood at USD 776.63 million (m) while the minimum requirements by central bank's threshold of USD 757M and will last for next 13 months to import essential goods. However, due to lower inflow of grants the net financial inflows which are used to finance the current account deficits is decreasing. This has impacted gross international reserves.

16. The Bangladesh government has considered the Bhutanese government's request to allow letters of credit in US dollars for orange imports from Bhutan. A letter of credit is a payment mechanism used in international trade that guarantees the buyer's payment from a creditworthy bank to the seller. The LC problem stems from the Bangladesh government's attempt to control its foreign exchange reserves by restricting certain imports.

17. The agriculture sector contributes very little to the country's GDP, according to the report 'Future of Bhutan's Workforce' released on 15 December by the Ministry of Labor, RGoB in collaboration with UNDP. However, the report suggests that digitization and the integration of technology into the agricultural sector can change this for the better.

BILATERAL

17th December 2022: Bhutan received an additional 50,000 doses of Pfizer's COVID-19 pediatric vaccine from the United States. This is the second shipment of the vaccine this year that the U.S. is providing to children in Bhutan. The vaccine is for children aged five to eleven and it was delivered in partnership with COVAX and the Bhutan Foundation.

Trade Fair/Seminar :

S. No.	Nature of activity (trade research, information dissemination, seminars etc.)	Details (date, venue and number participants; copy of research t sent to DOC)
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1	India Telecom 2023 from 2-3 February 2023 in New Delhi.	Information on these events was disseminated to Business Chambers of Commerce, sector Associations and the Royal Government of Bhutan.
2	Global Investors Summit – on the 11th & 12th of January 2023 at the Brilliant Convention Centre in Indore MP State – India.	
3	Uttar Pradesh Global Investor Summit 2023, 10-12 Feb 2023, Lucknow	
4	8th Global Procurement Summit, Jan 17-18, 2023, New Delhi	
5	3rd Edition of International SME Convention 2023 from 18-21 Jan 2023, New Delhi	
6	Technotex 2023, 22 – 24 February 2023 in Bombay Exhibition Centre, Mumbai	
7	6 th IEEMA Reverse Buyer Seller meet in ELECRAMA 2023-18-22 February 2023 at India Expo Mart Ltd., Delhi NCR, India	
8	India Steel 2023 from 20-22 February 2023 at Mumbai Exhibition Centre, Mumbai	
9	6 th Edition of Advantage Healthcare India 2023 from 20-22 February at Pragati Maidan, New Delhi	
10	India Electronic Expo (INDEE), an international B2B Networking Meet” during 27-29 March 2023 at Pragati Maidan, New Delhi	

16. Trade query :

S. No.	Enquiry originator	Product (with HS Codes)	Nature(Import/export) and values (\$ mln)	Action taken
	109 nos of enquiries from Indian manufactures/ exporters were handled during the month of December 2022.	Pharmaceutical, Hardware, tiles, agro products, readymade garment, etc	Export from India	Contact details of Bhutanese importers /dealers were provided by the Mission and in some cases the Embassy forwarded the query to Bhutan Chamber of Commerce and Industry (BCCI).