

**Embassy of India
(Thimphu)

Commercial Report for the month of June, 2023

1. Bhutan's Trade Volume with India during the year 2022 (Source: Bhutan Trade Statistics, RGoB)

	Total Trade (in cr)			Exports (in cr)			Imports (in cr)		
	2022	2021	% Growth Y-O-Y	2022	2021	% Growth Y-O-Y	2022	2021	% Growth Y-O-Y
Bhutan's Trade with India (including electricity)	13426.6	12208.0	10.0	4917.3	5084.4	-3.3	8509.3	7123.6	19.5
Bhutan's Trade with India (excluding electricity)	11179.1	9764.5	14.5	2669.8	2640.9	1.1	8509.3	7123.6	19.5
Trade in Electricity	2247.5	2443.5	-8.0	2247.5	2443.5	-8.0	0.0	0.0	0.0
Trade Balance including electricity	3592 (In India's favour)								
Trade Balance excluding electricity	5840 (In India's favour)								

2. Bhutan's Trade Volume with countries other than India during the year 2022 (Source: Bhutan Trade Statistics, RGoB)

	Total Trade (in cr)			Exports (in cr)			Imports (in cr)		
	2022	2021	% Growth Y-O-Y	2022	2021	% Growth Y-O-Y	2022	2021	% Growth Y-O-Y
Bhutan's Trade with rest of the world	4139.6	2614	58.36	769.7	714.7	7.7	3369.9	1899.3	77.43
Trade Balance	(2600)								

3. Bhutan's Overall Trade Volume during the year 2022 (Source: Bhutan Trade Statistics, RGoB)

	Total Trade (in cr)			Exports (in cr)			Imports (in cr)		
	2022	2021	% Growth Y-O-Y	2022	2021	% Growth Y-O-Y	2022	2021	% Growth Y-O-Y
Bhutan's Overall Trade (including electricity)	17566.3	14822	18.52	5687.1	5799.1	-1.93	11879.2	9022.9	31.66
Bhutan's Overall Trade (excluding electricity)	15318.8	12378.4	23.75	3439.6	3355.5	2.51	11879.2	9022.9	31.66
Trade Balance including electricity	(6192)								

Trade Balance excluding electricity	(8440)
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4. Top Ten commodities of Imports from India during the year 2022 (in cr) (Source: Bhutan Trade Statistics, RGoB)

S.No	BTC Code	Particulars	2022	2021	% Growth	% of share of Total Global Import
1	2710.19.15	Other light oils and preparations (HSD)	873.5	638.0	36.9	10.3
2	2704.00.10	Coke and semi-coke	381.2	278.7	36.8	4.5
3	4402.90.00	Wood charcoal of other than Bamboo	347.9	278.4	25.0	4.1
4	2710.12.10	Motor spirit (gasolene) including aviation spirit (petrol)	263.8	196.8	34.0	3.1
5	1006.30.00	Semi-milled or wholly milled rice, whether or not polished or glazed	260.8	218.1	19.6	3.1
6	7203.10.00	Ferrous products obtained by direct reduction of iron ore	248.8	88.1	182.5	2.9
7	1507.90.00	Other (Soya-bean oil and its fractions, whether or not refined, but not chemically modified.)	159.7	163.0	-2.0	1.9
8	2402.20.00	Cigarettes containing tobacco	147.0	40.2	265.9	1.7
9	8504.34.00	Electrical transformers other than liquid dielectric, having a power handling capacity exceeding 500 kVA	133.8	16.5	708.8	1.6
10	8517.13.00	Smartphones	98.4	0.0	N.A	1.2

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

S.No	BTC Code	Particulars	2022	2021	% Growth	% of share of Total Export to India
1	7202.21.00	Ferro-alloys Containing by weight more than 55% of Silicon	1416.7	1427.3	-0.7	53.1
2	7202.30.00	Ferro-silico-manganese	280.8	213.6	31.4	10.5
3	2518.10.20	Dolomite, not calcined or sintered, chips	182.1	139.1	30.9	6.8
4	2518.10.30	Dolomite, not calcined or sintered, lumbs and slabs	100.4	71.8	39.9	3.8
5	2523.29.10	Ordinary portland cement	74.4	72.0	3.3	2.8
6	2523.29.30	Portland pozzolana cement	55.8	149.8	-62.8	2.1

7	2849.20.00	Carbides of Silicon, whether or not chemically defined	49.9	30.9	61.4	1.9
8	7207.19.00	Semifinished products of Iron or nonalloy steel, under 0.25%	49.2	16.8	193.2	1.8
9	0908.31.00	Cardamom: Neither crushed nor ground	46.6	103.3	-54.9	1.7
10	2520.10.00	Gypsum; anhydrite	45.9	29.2	57.5	1.7

6. Top Ten commodities of Imports from countries other than India during the year 2022 (in Cr.) (Source: Bhutan Trade Statistics, RGoB)

S.No	BTC Code	Particulars	2022	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	1185.7	420.4	182.0	35.2
2	4907.00.00	Unused postage, revenue or similar stamps of current or new issue in the country in which they have, or will have, a recognised face value; stamp-impressed paper; cheque forms; banknotes, stock, share or bond certificates and similar documents of title	131.1	16.1	714.2	3.9
4	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	113.8	44.6	155.0	3.4
5	8517.13.00	Smartphones	95.0	0.0	N.A	2.8
6	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	76.6	98.5	-22.3	2.3
7	8523.80.90	Media for the recording of sound or of other phenomena, others	60.7	0.4	14940.6	1.8
8	8517.62.00	Machines for the reception, conversion and transmission or regeneration of voice, images or other data, including switching and routing apparatus	58.7	51.9	13.0	1.7

9	2619.00.00	Slag, dross (other than granulated slag), scalings and other waste from the manufacture of iron or steel	48.6	36.9	31.8	1.4
10	8517.61.00	Base stations	38.2	21.1	81.6	1.1

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

S.No	BTC Code	Particulars	2022	2021	% Growth	% of share of Total Export to Countries other than India
1	7202.21.00	Containing by weight more than 55% of silicon	205.1	100.8	103.4	26.6
2	2516.90.10	Boulders	162.6	244.8	-33.6	21.1
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	110.1	105.3	4.5	14.3
4	0908.31.00	Cardamom: Neither crushed nor ground	85.4	68.1	25.6	11.1
5	2520.10.00	Gypsum; anhydrite	46.2	58.1	-20.5	6.0
6	2521.00.90	Limestone and other calcareous stone	43.7	44.5	-1.8	5.7
7	0805.10.00	Oranges	31.5	38.3	-17.9	4.1
8	7202.30.00	Ferro-silico-manganese	22.5	13.5	66.5	2.9
9	1211.90.50	Cordyceps sinensis (yertsha gein bhup)	21.5	11.2	91.8	2.8
10	2518.10.10	Dolomite, not calcined or sintered, powdered	11.1	7.5	48.5	1.4

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

Region/Checkpoint	Export to India	Import from India	Total trade	Percentage share of total trade with India
Gelephu	108.2	750.2	858.4	7.68
Paro	0.029	20.4	20.4	0.18
Phuentsholing	1674.8	6424.6	8099.4	72.45

Samdrupjongkhar	495.0	952.4	1447.4	12.95
Samtse	391.7	356.8	748.6	6.70
Thimphu	0.006	4.9	4.9	0.04

10. Border-trade point wise trade with rest of world during the year 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	77.6	0.0239	77.6	1.9
Paro	12.01	641.5	653.6	15.8
Phuentsholing	390.5	2510.1	2900.6	70.1
Samdrupjongkhar	101.0	8.8	109.8	2.7
Samtse	174.2	13.7	187.9	4.5
Thimphu	14.4	195.7	210.1	5.1

11. **Trade Policy development (TBT/SPS/Anti dumping etc.):** (1) In the wake of depleting forex reserves in the country and widening trade deficit, the Royal Government of Bhutan on 18 August 2022 decided to impose a moratorium, suspending the import of “non-essential’ vehicles, which is currently in force till 18 August 2023.

(2) Bhutan Government 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 government.

(3) Import of live pigs and pork products into Bhutan has been banned w.e.f. 27 July 2022 to prevent introduction of African Swine Fever (ASF). Based on request from APEDA, Mission has been following up with Bhutan government authorities to permit import of pork products from M/s Mayur Piggery Farm located in Pune, along with documentary evidence to prove that there are no reports of ASF in pigs from M/s Mayur Piggery Farm.

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. BUDGET FY 2023-24 – HIGHLIGHTS:

a. Economic Outlook

- The economy exhibited a growth of 4.1 percent in 2021, an increase of 14.1 percentage points compared to the contraction of 10.1 percent in 2020.
- The economy is poised for a gradual recovery buoyed by stronger domestic demand, continued fiscal and monetary relief measures, opening up of borders, and normalization of economic activities. As such, the economic growth is estimated to accelerate to 4.7 percent in 2022.
- The FY 2023-24 budget is aimed at ‘Building stronger institutions through strategic reforms while ensuring a sustainable fiscal path and smooth transition’.

b. Resources

- The total estimated resource for FY 2023-24 is Nu. 53,513.2 million, a decrease of 12.4 percent from the FY 2022-23 revised resources estimate.
- The total estimated domestic revenue of Nu. 46,245.8 million for FY 2023-24 is inclusive of Nu. 4,000 million being transferred from the DHI.
- The domestic revenue excluding the transfer from DHI is estimated at Nu. 42,245.8 million, which is an increase of 3.5 percent from the previous FY.
- The estimated external grants of Nu. 6,367.4 million consists of Nu. 2,320.1 million from GoI, Nu.1,743 million from ADB, Nu. 401.2 million from World Bank and remaining from other development partners.

c. Expenditure

- Total expenditure is estimated at Nu. 74,861.6 million of which recurrent allocation is Nu. 45,545.9 million and capital allocation is Nu. 29,315.7 million which constitutes 60.8 percent and 39.2 percent of the total expenditure respectively.
- Of the total capital expenditure, about 27 percent is financed through internal/external grants, and 73 percent from external/internal borrowings.

d. Debt Situation Outlook

As of 31st March 2023, the total public debt stood at Nu. 267,401.3 million, accounting for 132.1 percent of FY 2022-23 GDP estimate. »The total public debt comprised Nu. 240,851.3 million (119 percent of GDP) of the external debt stock and Nu. 26,550 million (13.1 percent of GDP) of the domestic debt stock.

2. 22.06.2023: Druk Green Power Corporation (DGPC) generated 10,752.23 MU of electricity in 2022, with 3,294.73 MU consumed domestically and 7,819.40 MU exported to India. Mangdechhu Hydropower Plant earned Nu.12,541.6 million, with bi-annual repayments and interest payments of Nu.6,962.510 and Nu. 5,033.8 million, respectively.

3. 22.06.2023: A total of eight FDI projects worth Nu. 356.3 million were approved in the year 2022 indicating a decline by Nu. 357 million. As of December 2022, the country saw a total of 101 FDI projects worth Nu. 4,362 million. The hospitality sector constitutes 36 percent of these FDI projects followed by IT/ITES at 22 percent. Investments from Asia remain at the top with 67 percent followed by 16 percent from Europe. Within Asia, 51 percent of the projects in the country are from India followed by Singapore at 15 percent and Thailand at 10 percent.
4. 22.06.2023: The economic downturn led to unprecedented unemployment rates, reaching 5.9% in 2022, 1.1 percentage points higher than 2021. The increase is attributable to a greater number of people entering the job market, mis-match of skills, and scarcity of work opportunities. Similarly, the youth unemployment rate increased to 28.6 percent in 2022 compared to 20.9 percent in 2021.
5. During the year 2022, SOEs (State Owned Enterprise) contributed Nu. 245.5 million in the form of tax and dividends. The tax contribution decreased to Nu. 92.5 million as compared to Nu. 201 million in 2021 which is attributed to the losses incurred by 9 SOEs. However, the dividend contribution increased from Nu.110 million in 2021 to Nu.153 million in 2022 due to improved revenue performance of Bhutan Lottery Limited and Bhutan Duty Free Limited. As of December 2022, the combined net asset of SOEs stands at Nu. 8,480 million, a decrease of 10 percent as compared to the previous year.
6. 03.06.2023: Bhutan's 1999 plastic bag ban marked a significant step towards eradicating plastic waste. Despite subsequent reinforcement measures in 2005 and 2009, the ban's effectiveness has been questioned. The latest attempt to reinforce the ban in 2019 has not significantly reduced plastic bag sales.
8. 19.06.2023: The country generated about USD 16 Million as sustainable development fees since the reopening of the country for tourism in September of last year. Over the past eight months, Bhutan received more than 52,000 tourists. From over 52,000 tourists, more than 32,500 are Indian tourists who paid Nu 1,200 per night. Similarly, from over 19,000 international tourists, a little over half of them entered the country under the new SDF.
9. 06.06.2023: Hydropower export revenue dropped by over Nu 1.5bn in the first four months of the year compared to the same period last year. According to the Royal Monetary Authority's monthly statistical bulletin for May, Bhutan exported over two billion ngultrum's worth of electricity from January to April last year, while the number dropped to about Nu 400 M this year. The Druk Green Power Corporation attributes the drop in revenue to the country receiving less snowfall and decreased river flow.
10. The Bhutan Chamber of Commerce and Industry (BCCI) organized the "Bhutan Thematic Expo 2023" from 22-26 June 2023 at the Changlimithang Parking Space, Thimphu. The five-day expo featured eight thematic segments in order to promote local entrepreneurship, facilitate product promotion, and foster networking opportunities. The event brought together 61 participants. Azista Bhutan Health Care Limited (ABHL), a joint venture company between Druk Holding and Investment InnoTech, Bhutan, and Azista Industries Private Limited, India, showcased their range of pharmaceutical drugs.
11. 17.06.2023: Starting April 1, 2023, oil companies are selling fuel to Bhutan at the same rate as Nepal, resulting in lower prices for petrol and diesel. This is achieved through lower prices, removal of bulk charges, and a slight dip in oil prices. As of June 16, petrol prices in Thimphu are Nu 66.05 per liter and diesel Nu 64.24 per liter.
12. The price of consumer goods and services increased by 3.40 percent in May 2023 compared to the same month last year. The prices increased for both food and non-food by 3.22 percent and 3.57 percent respectively.

Month-on-month CPI in May 2023 decreased by 0.39 percent from April 2023, with decrease in both food and non-food prices. The prices for food and non-food decreased by 0.39 percent and 0.54 percent respectively.

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)
1	9 th India International MSME Expo and Summit 2023, August 10-12, 2023 at Pragati Maidan, New Delhi	Information on these events was disseminated to Business Chambers of Commerce (<i>BCCI is an apex body of private business communities in Bhutan</i>)
2	No Dig India Show 2023 from 08 to 09 December 2023, Chennai, Tamil Nadu, India	
3	7 th FarmTech Asia from 22 – 24 September 2023 in Bhopal, Madhya Pradesh	
4	MCCIA's Puner Expo 2023 from 06-08 November 2023 at Exhibition Center, Auto Cluster-Chinchwad, Pune	

16. Trade query :

S. No.	Enquiry originator	Product (with HS Codes)	Nature(Import/export) and values (\$ mln)	Action taken
	89 nos of enquiries from Indian manufactures/ exporters were handled during the month of June 2023.	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).