

**Bhutan – a brief overview**

Bhutan is a landlocked country in South Asia located at the eastern end of the Himalayas. It is bordered to the north by China and to the south, east and west by India. Farther west, it is separated from Nepal by the Indian state of Sikkim, while further south it is separated from Bangladesh by the Indian states of Assam and West Bengal. Bhutan's capital and largest city is Thimphu. Bhutan's landscape ranges from subtropical plains in the south to the sub-alpine Himalayan heights in the north, where some peaks exceed 7,000 metres (23,000 ft). Its total area was reported as approximately 46,500 km in 1997 and 38,394 square kilometres (14,824 sq mi) in 2002.

**Economy of Bhutan**

Bhutan's economy, small and less developed, is based on agriculture and forestry, which provide the main livelihood for more than 40% of the population. Agriculture consists largely of subsistence farming and animal husbandry. Rugged mountains dominate the terrain and make the building of roads and other infrastructure difficult and expensive. The economy is closely aligned with India's through strong trade and monetary links and is dependent on India's financial assistance. The industrial sector is technologically backward with most production of the cottage industry type. Most development projects, such as road construction, rely on Indian migrant labor. Model education, social, and environment programs are underway with support from multilateral development organizations. Each economic program takes into account the government's desire to protect the country's environment and cultural traditions. For example, the government, in its cautious expansion of the tourist sector, encourages visits by upscale, environmentally conscientious tourists. Complicated controls and uncertain policies in areas such as industrial licensing, trade, labor, and finance continue to hamper foreign investment. The import of equipment and fuel to build hydropower plants is leading to large trade and current account deficits, though new hydropower projects and electricity exports to India are creating employment and will probably sustain growth in the coming years. GDP has rebounded strongly since the global recession began in 2008.

**Key agri-products of Bhutan**

Key agri-products of Bhutan are ice, corn, root crops, citrus; dairy products and eggs.

**Key Industries of Bhutan**

Key industries of Bhutan are cement, wood products, processed fruits, alcoholic beverages, calcium carbide and tourism.

**Bhutan's major trading commodities and partners**

Major export commodities of Bhutan are electricity (to India), ferrosilicon, cement, calcium carbide, copper wire, manganese, vegetable oil while its major export partners are India, HongKong, Bangladesh, Japan and Italy, etc. Moreover, major import commodities of Bhutan are fuel and lubricants, passenger cars, machinery and parts, fabrics, rice while its major import partners are India, Korea, Singapore, Japan and Thailand, etc.

**Economic Relations between Pakistan and Bhutan**

Bhutan-Pakistan relations have been active at least since 2004. Both nations are members of the South Asian Association for Regional Co-operation (SAARC) and the United Nations. Neither country has a resident ambassador. They have two common neighbors, China and India. There have been regular contacts between the leaders of two countries at different International Forums, besides the SAARC Summits. Both countries are a member of SAFTA (South Asian Free Trade Agreement).

**Trading Commodities between Pakistan and Bhutan**

Trading commodities between both the countries are woven cotton fabrics, fish frozen, rice, surgical and dental instruments, suits and ensembles etc.

**Potential for enhancing bilateral trade relations between Bhutan and Pakistan**

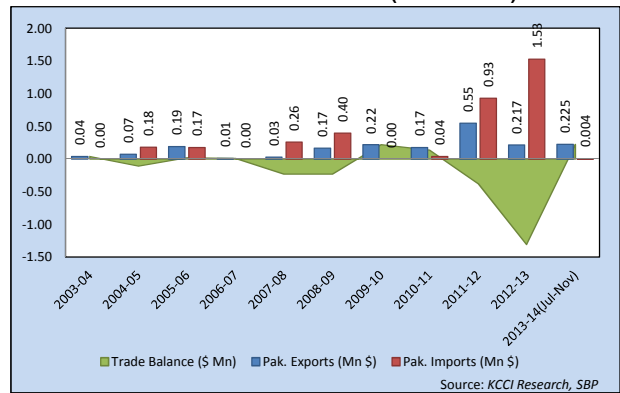
There is much potential for trade between both the countries as both are a member of SAFTA and SAARC as well and are closely located to each other. Enhanced trade relation can be initiated as both of them are in the same region because of which it would be very instrumental from logistical point of view as well.

**Economic Indicators**

Indicators	Unit	2011	2012 est.	Change
GDP (PPP)	\$ Bn	4.59	5.04	9.69%
GDP per Capita	\$	6,200	6,800	9.68%
GDP growth	%	8.5	9.7	1.20%
Forex Reserves	\$ Bn	NA	NA	NM
External Debt	\$ Bn	1	NA	NM
Exports	\$ Bn	0.66	0.72	9.00%
Imports	\$ Bn	1.19	1.28	8.02%
Trade Balance	\$ Bn	-0.52	-0.56	6.77%
Current Account	\$ Bn	-0.35	-0.31	-12.20%
CPI	%	8.9	10.9	2.00%
Unemployment	%	NA	NA	NM
Discount Rate	%	NA	NA	NM

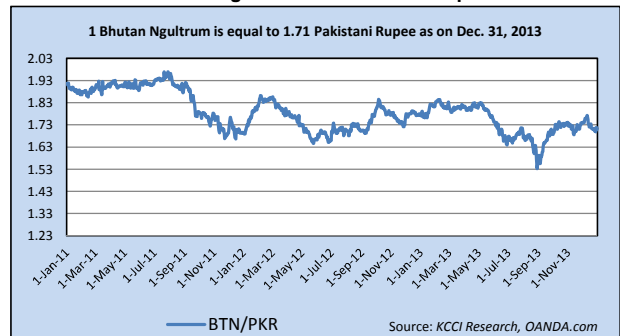
Sources: KCCI Research, CIA Factbook, TDAP, SBP

**Pakistan's Trade with Bhutan (FY04-Nov'13)**



Source: KCCI Research, SBP

**Bhutan Ngultrum Vs. Pakistani Rupee**

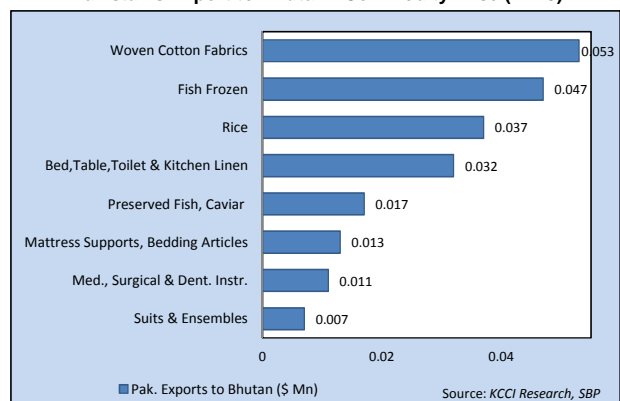


Source: KCCI Research, OANDA.com

**Key Memberships**

Bhutan is a member of international memberships which includes ADB, BIMSTEC, CP, FAO, G-77, IBRD, ICAO, IDA, IFAD, IFC, IMF, Interpol, IOC, IOM (observer), ISO (correspondent), ITSO, ITU, NAM, OPCW, SAARC, SACEP, UN, UNCTAD, UNESCO, UNIDO, UNWTO, UPU, WCO, WHO, WIPO, WMO, WTO (observer)

**Pakistan's Export to Bhutan - Commodity Wise (FY13)**



Source: KCCI Research, SBP

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