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Q1 **BHUTAN**

Respondent (Country or Customs Territory)

Q2

About you

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Page 3: SECTION A: TRADE PRIORITIES IN NATIONAL DEVELOPMENT PLAN OR STRATEGY(IES)

Q3 **Yes**

Do you have a national development plan or strategy?
(ies)?

Page 4: SECTION A: TRADE PRIORITIES IN NATIONAL DEVELOPMENT PLAN OR STRATEGY(IES)

Q4	Yes,
If yes, does your national development plan or strategy(ies) include trade priorities?	If yes, please provide further details including hyperlinks to relevant documents containing trade priorities:: Yes the national development plan includes trade priorities in different strategies ranging from infrastructure development to market access. Currently, Bhutan is implementing the 12th Five Year Plan which is the country's National Development Plan and can be assessed at the link below. The 13th Plan is under formulation which will also be uploaded on the same website and will have much more aspects of trade mainstreamed into this document. The 13 Plan will be from 2024-2029 https://www.nsb.gov.bt/12th-five-year-plan/

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Q5

Yes

Does your national development strategy(ies) have a thematic focus?

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Q6

If yes, please choose options from the non-exhaustive list of thematic options of key strategic objectives below. (If an objective(s) does not appear in the drop-down list, please tick other and add details in the text box.)

- Economic diversification,**
- Enhancing exports in non-traditional sectors,**
- Export diversification,**
- Expansion of the extractive sector (minerals and mining)**
- ,**
- Expansion of the agriculture sector,**
- Expansion of the manufacturing sector,**
- Expansion of the services sector,**
- Expansion of the digital economy,**
- Infrastructure development,**
- Trade integration,**
- Institutional strengthening (e.g. good governance, transparency and accountability)**
- ,**
- Climate change mitigation,**
- Climate change adaptation,**
- Innovation and technological development,**
- Expansion of the MSME sector,**
- Human capital development (e.g. education through skills, training and health)**
- ,**
- Protection of biodiversity,**
- Employment creation,**
- Women's economic empowerment and gender equality**
- ,**
- Youth employment and skills,**
- Pollution control,**
- Environmental protection,**
- Sustainable resource management,**
- Waste management ,**
- Other, (please specify),**
- Food security**

Q7**Yes**

Do the trade priorities found in your national development plan or strategy(ies) reflect specific development objectives or targets? For example, the national development plan of Benin aims to achieve a sustained, inclusive and sustainable growth of at least 10% by 2025.

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Q8

If yes, please choose options from the non-exhaustive list below. (If an objective(s) or target* do not appear in the list below, please tick other and add details in the text box. Please tick relevant boxes). Objectives & Targets*:

LDC Graduation,**Other targets (e.g. digital connectivity, gender equality, renewable energy, circular economy, etc.)****Economic growth targets,****Poverty reduction targets,**

Additional information on objectives and targets::

There are targets on digital connectivity (internet penetration, mobile connectivity), renewable energy (increase in renewable energy production, diversifying the modes of supply, types of renewable energy projects). unemployment targets, poverty targets, GDP growth targets, exports products diversified targets

Page 9: SECTION B: TRADE PRIORITIES IN OTHER NATIONAL DEVELOPMENT PLAN OR STRATEGY(IES)

Q9**Yes**

In addition to the trade priorities you may have in your national development strategy, do you have trade priorities that are set out in other national policy documents or strategies?

Page 10: SECTION B: TRADE PRIORITIES IN OTHER NATIONAL DEVELOPMENT PLAN OR STRATEGY(IES)

Q10

If yes, do you have a national trade policy or strategy, export development strategy or similar policy or strategy (e.g. national diagnostic trade integration study update, national e-commerce strategy etc.)? For example, Jordan has published a national export strategy for the period 2023-2025.

(If yes, please provide further details, including dates the strategy covers and hyperlinks to relevant documents)::

1. National export strategy
<https://www.undp.org/sites/g/files/zskgke326/files/2022-08/National%20Export%20Strategy%20of%20the%20Kingdom%20of%20Bhutan%202022.pdf>
2. Diagnostic trade integration study update <https://www.moice.gov.bt/wp-content/uploads/2023/03/DTISU-and-Matrix-Combined-Print.pdf>
3. 21st Century Economic Roadmap of Bhutan (under formulation)

Page 11: SECTION B: TRADE PRIORITIES IN OTHER NATIONAL DEVELOPMENT PLAN OR STRATEGY(IES)

Q11

Yes

Do these other national policy documents or strategies include trade objectives or targets? For example, Ghana's National Export Development Strategy envisages that over a duration of 10 years non-traditional exports will grow from \$2.8 billion in 2020 to \$25.3 billion in 2029 accompanied by deep structural transformation that positions Ghana as a competitive export-led industrialized economy.

Q12

If yes, please chose options from the non-exhaustive list below. If an objective(s) does not appear in the list, please tick "other" and add details in the text box.If no, please indicate if there is another strategy or policy that includes specific objective of targets.

- Improved balance of payments situation,
- Increased competitiveness,
- Expansion of agricultural exports,
- Expansion of exports of forestry products,
- Expansion of manufactured exports,
- Expansion of services exports,
- Expansion of e-commerce and/or digitally delivered services exports
- ,
- Expansion of MSME sector exports,
- Growth in the number of export markets reached,
- Improvements in trade facilitation,
- Export growth targets,
- Export diversification in terms of number of markets reached
- ,
- Mineral and mining export growth target,
- Agricultural export growth target,
- Better export performance,
- Expansion of mineral and mining exports,
- Export diversification in terms of number of goods and services exported
- ,
- Access to essential goods,
- Reduction in import targets,
- Manufactured export target,
- Services trade export target,
- E-commerce export target,
- MSME sector growth targets,
- Export markets diversification targets,
- Trade facilitation targets (e.g. time taken to release),
- Trade-related targets to reduce certain trade flows,
- Additional information on trade objectives and targets including hyperlinks to relevant documents::
- Strengthen institutional setups and better coordination for trade.

Q13

Yes, in part

Do the trade priorities found in your national development strategy align with those found in other national policy documents or strategy(ies)?

Page 12: SECTION C: SECTORAL AND REGIONAL TRADE OBJECTIVES

Q14**Yes**

Do the trade objectives in your national development plan and/or those found in other national policy documents or strategies include sectoral objectives? For example, Vision 2030 Jamaica includes 31 Sector Plans (in 28 separate documents) prepared by Task Forces, comprising stakeholders from public and private sector bodies, civil society and international development partners). And Bhutan's National Export Strategy 2022 identifies the mineral and timber industries as holding potential for the development of value-added products.

Page 13: SECTION C: SECTORAL AND REGIONAL TRADE OBJECTIVES

Q15

If yes, please tick all relevant boxes and provide further details, including hyperlinks to relevant documents. If no, please indicate if there is another national strategy or policy that includes specific objectives or targets. (Please tick relevant boxes)

Agriculture,
Forestry,
Mining and minerals,
Renewable energy,
MSME sector development,
Services (general),
Communication services, including ICT,
Culture and creative industries,
Energy services,
Environment services,
Tourism,
Cross-sectoral e-commerce and digital trade

Page 14: SECTION C: SECTORAL AND REGIONAL TRADE OBJECTIVES

Q16**Yes**

Does the trade objectives found in your national development plan or strategy(ies) and in other national policy documents or strategies include regional objectives? For example, the national development strategy of the Kyrgyz Republic for 2018-2040 includes, inter alia, the objective to work on harmonious integration of the Kyrgyz economy with the Eurasian Economic Union; active participation in regional projects that improve production and transit capacity; diversification of foreign economic focus of Kyrgyzstan through development of mutually beneficial trade, economic and investment cooperation with the countries of South and Southeast Asia, the Arab East and America.

Page 15: SECTION C: SECTORAL AND REGIONAL TRADE OBJECTIVES

Q17

If yes, please identify the relevant economic community(ies).(Please tick relevant boxes)

South Asian Association for Regional Cooperation (SAARC)

,

Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC)

Page 16: SECTION D: FINANCING NATIONAL DEVELOPMENT AND TRADE PRIORITIES

Q18

Yes

Does your government have priority areas for Aid for Trade for which it is actively seeking support?

Page 17: SECTION D: FINANCING NATIONAL DEVELOPMENT AND TRADE PRIORITIES

Q19

If yes, please indicate the relevant priority areas for Aid for Trade for which your government is actively seeking support.(Please tick relevant boxes)

TRADE POLICY AND REGULATIONS (Including training of trade officials, analysis of proposals and positions and their impact, support for national stakeholders to articulate commercial interest and identify trade-offs, dispute issues, institutional and technical support to undertake trade reform/facilitate implementation of trade agreements and to adapt to and comply with rules and standards)

,

Trade policy and administrative management,

Trade facilitation,

Regional trade agreements (RTAs),

Trade education/training,

Trade-related Transport and storage infrastructure (e.g. port, dry port, inland container port, inland container depot, etc.)

,

Trade-related Communications infrastructure,

TRADE DEVELOPMENT (Including investment promotion, analysis and institutional support for trade in services, business support services and institutions, public-private sector networking, e-commerce, trade finance, trade promotion, market analysis and development)

,

Business support services,

Building productive capacity,

Agriculture,

Forestry,

Multilateral trade negotiations,

Industry,

Mineral resources and mining,

Travel and tourism,

Digital trade and e-commerce,

OTHER TRADE RELATED-NEEDS,

Additional information on priority Aid for Trade areas::

Capacity building in trade negotiations, building of infrastructure like certification and standards laboratories, quality control/testing laboratories, upgradation of infrastructure with modern technology at entry and exit points of goods, building infrastructure like special economic zones, inland waterways, railways, going paperless for documentation pertaining to trade

Page 18: SECTION D: FINANCING NATIONAL DEVELOPMENT AND TRADE PRIORITIES

Q20

Yes

Have these priorities been communicated to Donors and South-South partners?

Page 19: SECTION D: FINANCING NATIONAL DEVELOPMENT AND TRADE PRIORITIES

Q21

If yes, please provide additional information on how priorities were communicated:

Diagnostic trade integration study or update,

Other (please specify),

Dialogue with development partners,

Additional information on how priorities were communicated::

Others are communicated through diplomatic channels or during annual consultations with key development partners

Page 20: SECTION D: FINANCING NATIONAL DEVELOPMENT AND TRADE PRIORITIES

Q22

Does your government face difficulties in financing implementation of the trade objectives found in your development plan or strategy(ies) or trade strategy?

Yes,

If yes, please identify which sources of aid finance or other financial assistance for trade that you would like to attract to achieve your trade objectives. (e.g. Official Development Assistance (i.e. Aid for Trade), Other Official Flows (loans at concessional rates that do not qualify as ODA), South-South co-operation, Climate finance, etc.)::

Climate finance, ODA, other officials flows at concessional rates, financing raised through public private partnership, FDI, raising funds through green bonds, raising funds from overseas Bhutanese diaspora

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Q23

Yes

Do you face difficulties in accessing finance to address your Aid-for-Trade priorities?

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Q24

If yes, please choose options from the non-exhaustive list below. (If a difficulty in accessing aid for trade does not appear in the drop-down list, please tick other and add details in the text box.)

- Lengthy approval processes related to loans,**
- High cost of borrowing,**
- Difficulties accessing grant finance,**
- Insufficiency of grant financing,**
- Conditions attached to access aid-for-trade financing,**
- Inter-ministerial co-ordination challenges,**
- Weak financial systems,**
- Challenges engaging in public-private partnerships,**
- Domestic oversight constraints,**
- Limited ability to develop "bankable" projects,**
- Lack of coordination between development partners,**
- Additional information on difficulties to access finance::
- Lack of adequate relevant information among the various trade related institutions in Bhutan.

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Q25

Yes

Does your government face a situation where it is receiving an increasing share of Aid for Trade in the form of loans and a declining share of grants?

Page 24: SECTION D: FINANCING NATIONAL DEVELOPMENT AND TRADE PRIORITIES

Q26

If yes, does this situation present a challenge for your government to achieve its trade objectives?

Yes,
 Additional information on challenges from increasing share of loans and declining share of grants::
 As Bhutan is progressing to graduate from the LDC status, many of her development partners (both bilateral and multilateral) have already reduced or stopped grants. This means Bhutan will increasingly start to depend on its own domestic resources as well as external borrowings. As the domestic resources are still not adequate to finance 100% of Bhutan's recurrent and capital expenditure needs, Bhutan has to resort to borrowings which poses challenges in terms of repayment as its export basket are very narrow and underdeveloped and has a weak current account balance.

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Q27

No

Do you plan to stop receiving Aid for Trade? Has a date been set to achieve this objective (e.g. a date to stop receiving foreign aid)?

Page 26: SECTION E: ALIGNMENT OF AID-FOR-TRADE SUPPORT

Q28

How well-aligned is the Aid-for-Trade support you receive with your Aid-for-Trade priorities?

Moderately aligned,

Additional information on Aid-for-Trade alignment. Please specify whether this is an official perspective or the personal opinion of the respondent::

Aid for trade alignment is increasingly become more mainstreamed into national development plans and there is now better coordination among trade related institutions and convergence of efforts and activities towards national trade objectives. Previously the national development plans had more focus on overall socio economic development and not dedicated focus on trade and trade related matters. This is changing as will soon be evident from the 13th Five Year Plan where trade is seen as a key strategy to meet the national economic objectives of the country. This is an official perspective

Q29

What challenges do you encounter in aligning the Aid-for-Trade support you receive with the sectoral level needs outlined in relevant policy documents ? (Please tick relevant boxes)

Difficulties associated with cross-sectoral approaches (e.g. e-commerce development)

,

Lack of donor coordination,

Lack of South-South partner coordination,

Limited knowledge of recipient (i.e. developing country) needs and economic situation

,

Conditions required by development partners to access support

,

Length of project/programme funding cycles,

Human capacity constraints to developing bankable projects

,

Weak institutional capacity (e.g. lack of coordination at domestic level)

,

Additional information on sectoral level alignment::

Administrative burden on the recipient country to submit similar information to multiple donors Sectoral level agencies unaware or having limited information and knowledge about the importance and alignment of their sectoral objectives with overall national trade objectives

Page 27: SECTION F: OUTCOMES AND IMPACTS OF AID-FOR-TRADE SUPPORT

Q30

No

Do development financing partners (i.e. both donors and South-South partners) align their monitoring and evaluation with your national monitoring or results frameworks?

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Q31

Do you measure the impacts of the Aid-for-Trade support you receive?

Other (please specify):

Not for all but for some specific programs or activities, we measure the impact

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Q32

If yes, where is Aid for Trade having a measurable impact in your opinion?(Please tick relevant boxes)

Trade policy and administrative management,

Trade facilitation,

Trade education/training,

Trade-related Transport and storage infrastructure (e.g. port, dry port, inland container port, inland container depot, etc.)

,

Business support services,

Building productive capacity,

Agriculture,

Industry,

Travel and tourism,

Digital trade and e-commerce,

TRADE POLICY AND REGULATIONS (Including training of trade officials, analysis of proposals and positions and their impact, support for national stakeholders to articulate commercial interest and identify trade-offs, dispute issues, institutional and technical support to undertake trade reform/facilitate implementation of trade agreements and to adapt to and comply with rules and standards)

,

TRADE-RELATED INFRASTRUCTURE (Including physical infrastructure)

,

OTHER TRADE-RELATED NEEDS

Page 30: SECTION F: OUTCOMES AND IMPACTS OF AID-FOR-TRADE SUPPORT

Q33

Is there an Aid-for-Trade project or programme that you would like to highlight as an example of best practice?

Yes,

Additional information on best practice examples::
The Enhanced Integrated Framework under the World Trade Organisation (WTO) is an example of best practise that takes into account the recipient country's needs. It is member country driven approach that delivers for the members. The Standards and Trade Development Facility under the WTO is another programme that has the potential to become a best practise if they can mobilise sufficient funds in collaboration with other multilateral partners working in the same areas. At present they focus on the right topics that are of need from a trade perspective but lack adequate funding to make a significant impact. The International Trade Center, Geneva is another agency that listens to the need of the member country. They also have lot of experience working with private sector which is so important as at the end of the day it is the private sector that trades and not so much the government. Their ability to be the bridge between the government and private sector to help meet the countrys overall trade objectives is a best practise that must be sustained and continued

Page 31: SECTION G: FUTURE AID-FOR-TRADE NEEDS

Q34

Do you foresee a continued need for Aid-for-Trade financing?

Yes

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Q35

If yes, please tick all relevant boxes and provide further details including hyperlinks as relevant.(Please tick relevant boxes)

Manufacturing sector,

MSME sector development,

Services (general),

Cross-sectoral e-commerce and digital trade,

Additional information on sectors needing continuing Aid for Trade financing.:

Trade related infrastructure (SPS labs, quality assurance labs, certification, dry ports, paperless systems), trade facilitation. It is not enough to just provide the aid or trade preferences. Aid for trade needs to be impactful so that it translates to enhanced trade. Therefore consideration must be given to deepen links/tie up A4T with enhancing productive capacity of domestic markets, entering or integrating with regional/international value chains, improve value addition and enhance market access to ultimately increase export of targeted goods into target markets. It could also be tied up with investments. .

Q36

In which categories of Aid-for-Trade support do you foresee future needs?(Please tick relevant boxes)

- Trade policy and administrative management,**
- Trade facilitation,**
- Trade-related Transport and storage infrastructure (e.g. port, dry port, inland container port, inland container depot, etc.)**
- Building productive capacity,**
- Multilateral trade negotiations,**
- Digital trade and e-commerce,**

Additional information on the categories of Aid-for-Trade support in which you foresee future needs::

In trade negotiations, in SPS and TBT related matters, in overcoming market access issues such as non tariff measures (rules of origin issues), in implementing some of the specific WTO agreements when Bhutan becomes a member as there is limited knowhow on some of the agreements

Page 33: SECTION G: FUTURE AID-FOR-TRADE NEEDS

Q37

Yes

Do you foresee future needs for Aid for Trade to support the achievement of trade-related aspects of the Sustainable Development Agenda?

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Q38

If yes, please indicate the relevant SDGs that Aid for Trade can help achieve.(Please tick relevant boxes)

- GOAL 1: No Poverty,**
- GOAL 2: Zero Hunger,**
- GOAL 3: Good Health and Well-being,**
- GOAL 8: Decent Work and Economic Growth,**
- GOAL 9: Industry, Innovation and Infrastructure,**
- GOAL 10: Reduced Inequality**

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Q39

Do you foresee future needs for Aid for Trade to support the trade-related aspects of climate change ?

Yes,

Additional information on Aid for Trade and trade-related aspects of climate change.:

Trade and climate change is closely intertwined today. The implementation of the EU CBAM is one good example. Similar mechanisms like these from other countries will affect Bhutan. The outcomes of the ongoing climate negotiations will affect Bhutan. We need support for our climate change and trade negotiators to be exposed to such matters so that they may effectively engage in negotiations both on the climate change and trade front. In parallel, we need support to expose and train our exporters to these aspects as they will ultimately export to these countries that will implement CBAM or something similar. They will need to understand the compliance and procedures that will need to be followed which will have an administrative burden. These could also have a huge cost implication for a small country with very limited exports. We also need support to educate our private sector on utilising better technology to mitigate or reduce green house gases and other pollutants that come out of certain industries
