

Trade and Competitiveness Monitoring Note

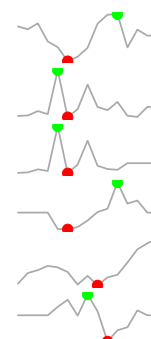


Bhutan

| Population (millions) (2015) | Poverty rate (2012) | Unemployment rate (2015) | Ease of Doing Business Rank (2015) |
|------------------------------------|------------------------|-----------------------------|--|
| 0.78 | 2.20 | 3.20 | 70.00 |

Macro Indicators

| | Avg 2002-2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|---|---------------|-------|-------|--------|--------|--------|
| Gross capital formation (% of GDP) [1] | 52.76 | 67.91 | 45.96 | 57.75 | — | — |
| Foreign direct investment, net inflows (% of GDP) [2] | 2.19 | 2.78 | 0.49 | 0.30 | — | — |
| Private capital flows, total (% of GDP) [2] | 4.39 | 1.83 | — | — | — | — |
| Personal remittances, received (% of GDP) [1] | 0.38 | 0.99 | 0.66 | 0.71 | — | — |
| General government gross debt [3] | 71.13 | 72.22 | 89.22 | 107.51 | 115.89 | 122.50 |
| Total reserves in months of imports [1] | 11.68 | 8.53 | 9.04 | 11.89 | — | — |

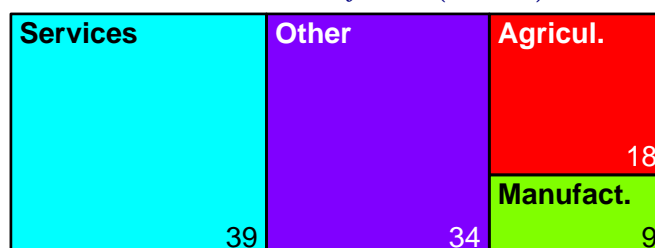


Sources: MFM note, [1] World Development Indicators (WDI), [2] UNCTADSTAT, [3] World Economic Outlook (WEO)

Goods Export and Import volume growth, 2012-2015

Data not available

Gross Value Added by Economic Activity 2013 (% GDP)



Source: Development Prospects Group (DECPG)

Source: World Development Indicators (WDI)

Top 5 Exports by % of Total Value, NA

Data not available

Doing Business 2015 Ranks (among all countries)

| | DB 2015 Rank | DB 2016 Rank | Change in Rank |
|-----------------------------------|--------------|--------------|----------------|
| Dealing with Construction Permits | 74 | 79 | -5 |
| Ease of Doing Business Rank | 70 | 71 | -1 |
| Enforcing Contracts | 50 | 50 | 0 |
| Getting Credit | 71 | 79 | -8 |
| Getting Electricity | 52 | 50 | 2 |
| Paying Taxes | 26 | 28 | -2 |
| Protecting Minority Investors | 114 | 115 | -1 |
| Registering Property | 56 | 51 | 5 |
| Resolving Insolvency | 189 | 189 | 0 |
| Starting a Business | 85 | 91 | -6 |
| Trading Across Borders | 21 | 21 | 0 |

Source: World Integrated Trade Solution (WITS)

Source: Doing Business Report 2015

Imports Categories by % of Total Value, NA

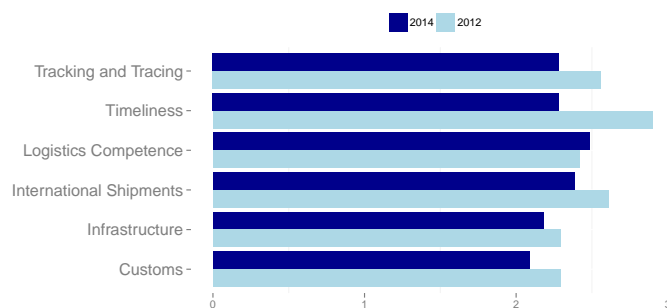
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WEF Competitiveness Indicators (Scale 1-5, 5=best)



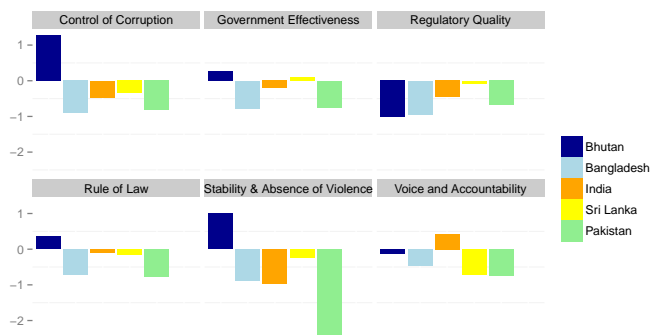
Source: WEF Global Competitiveness Report 2015

Logistics Performance Index (Scale 1-5, 5=best)



Source: Logistics Performance Index (World Bank)

World Governance indicators (Std. score, High=best)



Source: Worldwide Governance Indicators

Trade Policy

| | 2007 |
|---|------|
| Import duties collected (% , 2012-2014) [1] | 0.5 |
| Services sectors with GATS commitments [1] | — |

Sources: WITS, [1] WTO Trade Profiles

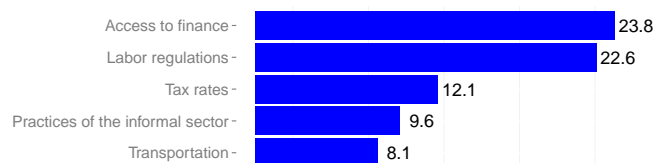
Private Sector's Views

Enterprise Survey 2013

| | South Asia | Bhutan | All Countries |
|---|------------|--------|---------------|
| Number of electrical outages in a typical month | 25.40 | 0.40 | 6.30 |
| Percent of firms with a bank loan/line of credit | 27.00 | 46.50 | 34.30 |
| Proportion of investment financed by banks (%) | 14.40 | 18.90 | 14.30 |
| Proportion of investment financed internally (%) | 73.90 | 75.10 | 71.80 |
| Senior management time spent dealing with the requirements of government regulation (%) | 7.20 | 28.80 | 9.90 |

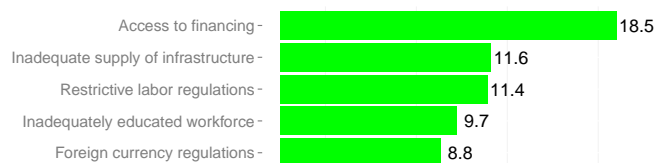
Source: Enterprise Survey 2013

Top 5 constraints according to ES 2013 (% respondents)



Source: Enterprise Survey 2013

Top 5 constraints according to WEF 2015 survey (% respondents among 88 executives)



Source: WEF Global Competitiveness Report 2015