



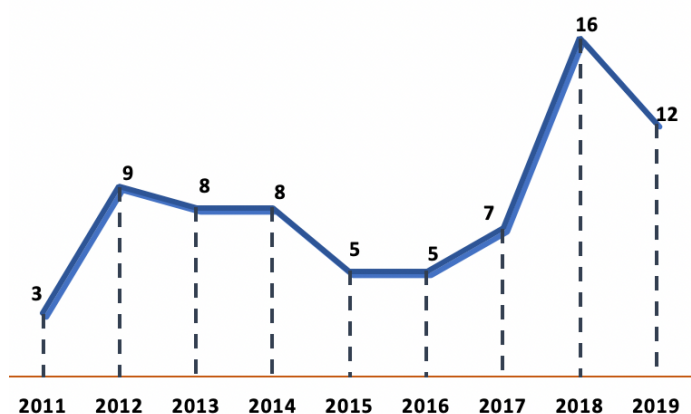
# **FDI ANNUAL REPORT 2019**

**Department of Industry  
Ministry of Economic Affairs**

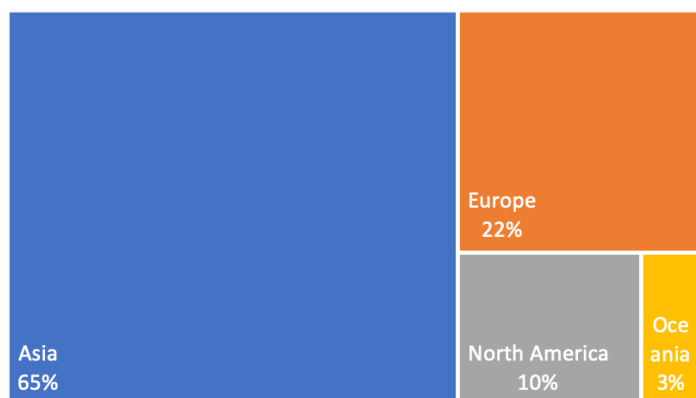
## FDI TREND

FDI inflow in terms of the number of projects decreased slightly during the year with a recorded number of 12 projects approved as of November 2019. The chart below shows the trend of annual FDI project approval for the last nine years.

### TREND IN APPROVAL



### ORIGIN OF INVESTORS



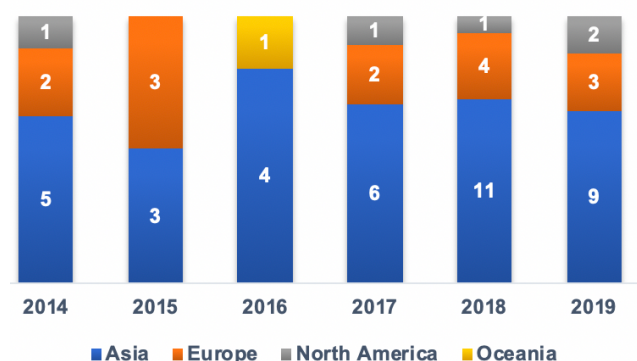
**65 % IS FROM ASIA**

#### Top Source Countries in Asia:

From within Asia, India remains the major source of investment in Bhutan with 45 % followed by Singapore (19 %) and Thailand (10 %).

### TREND IN SOURCE COUNTRIES

Year on year, Bhutan continues to receive FDIs mostly from Asian countries.

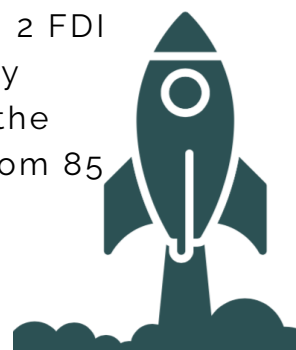


### FDI PROJECTS AS OF 2019

The total number of projects approved increased to 83 from 73 in 2018 with 12 new projects approved.

During the year, foreign investors have pulled out from 2 FDI projects thereby bringing down the total number from 85 to 83.

**2019: 83**



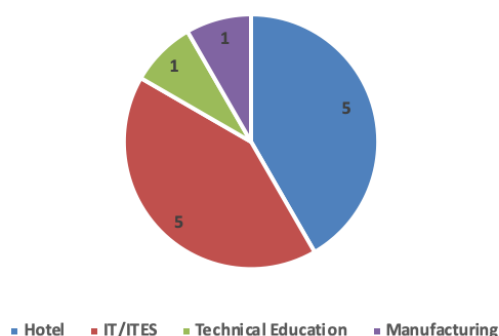
**2018: 73**

A total of 16 projects were issued FDI Registration Certificate in 2019, of which 6 projects were approved and remaining 10 are under process for approval.

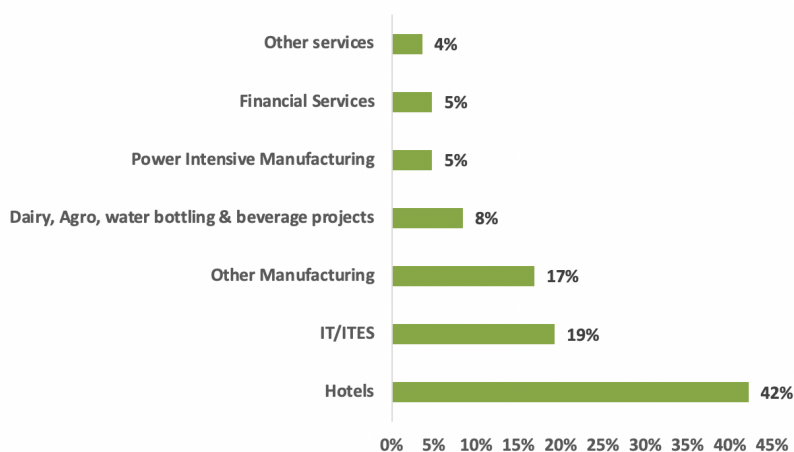
# Attractive Sectors for 2019

Hotel, IT and IT enabled Services are the most attractive sectors for FDI in 2019. Of the 12 projects approved, 5 each are in these two sectors and the remaining in technical education and manufacturing.

Attractive Sectors for 2019



## OVERALL SECTORAL SHARE



# 42%

of approved projects are in hotel sector followed by **19 %** in IT/ITES.

**SERVICE SECTOR  
DOMINATES OVERALL  
FDI WITH 71 %.**

## Status of projects

73 % of approved projects have started commercial operation.

## FDI BY LOCATION

64 % of FDI projects approved are located in Thimphu, Paro and Chukha with highest number ( 38%) being in Thimphu.

**Thimphu is the preferred destination for FDI in service sector namely hotel and IT/ITES.**

## FDI BY INVESTOR TYPE IN 2019

Foreign investors so far in the country were mostly private companies. The situation remains the same during the year with 50 % of projects promoted by private companies and the other half by individual investors.

# FDI Contribution

Annual survey conducted revealed some of the tangible impacts made by FDI projects. The contribution are:

## 1. CAPITAL INFLOW : as of 31st Dec 2018

Capital inflow from foreign investors increased significantly during the year. Inflow in Indian Rupee increased by 12 times and inflow in US\$ increased by 3.4 times.



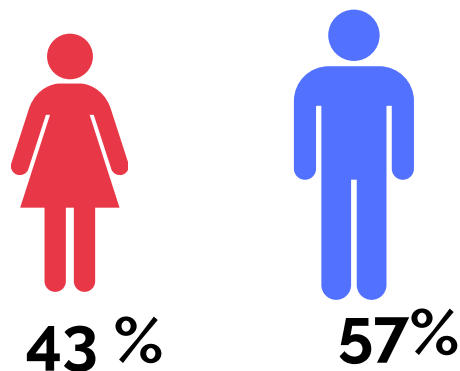
2018 saw an increased inflow on account of a number of capital intensive projects approved during the year. A part of the inflow also came from existing FDI projects on account of expansion.

## 2. EMPLOYMENT:2019

A total of 4,471 Bhutanese were directly employed as regular employees by the operating FDI projects as of November, 2019. With 705 Bhutanese employed as casual workers, FDI projects employed a total of 5,176 Bhutanese during the year.

**FDI REGULAR EMPLOYEES CONSTITUTES 32 % OF EMPLOYMENT GENERATED BY PRIVATE COMPANIES.**

### EMPLOYMENT BY GENDER: BHUTANESE



## EMPLOYMENT TREND

FDI companies employed a total of 5,617 employees up from 5307 employees in 2018, an increase of about 6% from the previous year.



# FDI Contribution

## EXPATRIATES

### 19 Bhutanese for 1 Expat

FDI companies employed a total of 240 regular foreign workers, which is only 5.4% of total regular employees in the companies. For every single expat working in the country, there are 19 locals employed.

### AVERAGE EMPLOYMENT

#### GENERATED: Manufacturing Vs. Service as of 2019



53



100

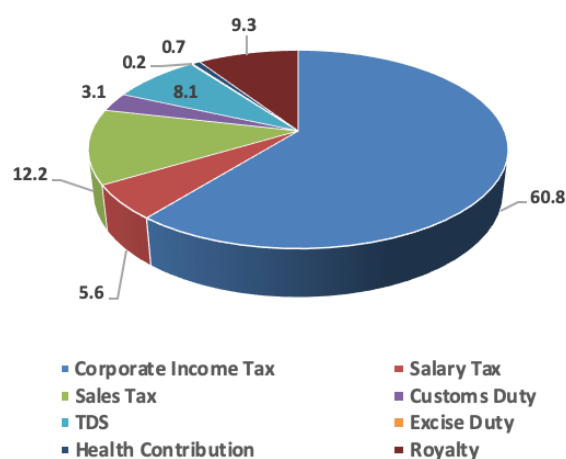
## 3. TAX CONTRIBUTION

Contribution made by operating FDI companies as of 31st December, 2018 as per the survey stands at Nu. 1,748 million, an increase by 11.7% from that of 2017.

## 63 % by 7 companies

Seven companies employed 63 % of total regular employees during the year. Companies includes Mountain Hazelnut Ventures Private Limited, BoBL, BNBL, Bhutan Resorts private Limited, Bhutan Eco Ventures Private Limited, Scan Cafe Private Limited and Bhutan Ventures Hospitality Private Limited.

### Tax composition



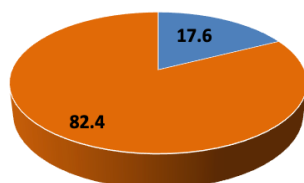
## 4. EXPORT CONTRIBUTION: FDI in Manufacturing

Manufacturing sector contributes a significant share toward the export basket. In total, **11 FDI projects** in the **manufacturing** sector have exported goods worth **Nu. 4.2 billion** of which Nu. 3.8 billion is to India and the remaining to other countries. This figure excludes the export of electricity by hydropower project.

**Nu. 4.2 billion  
exports by  
FDI**

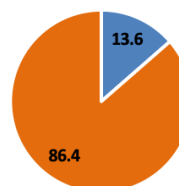
The share of export by FDI manufacturing companies to the overall export as recorded in the Balance of Trade, Annual Trade Statistics 2018 reveals that FDI exports to India constitutes **17.6 %** of the country's total export. Share of overall export by the sector as a percentage of country's overall export constitutes **13.6 %** as shown below.

Percentage share of export to India by FDI to the overall exports to India



■ Export by FDI Companies to India ■ Export by others to India

Percentage share of export by FDI to overall export



■ Export by FDI Companies ■ Export by others

### FOR FURTHER INFO:

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