

Bhutan¹



Development Indicators

Population, 2010 (in 1 000)

726

Total fertility rate, 2009



2.5

Population growth rate, 2010

1.7 %

Percentage urban, 2010



36.8 %

Growth rate of population aged 15-39 years, 2005-2010

2.7 %

Net migration rate, 2005-2010 (per 1 000)



4.9

Per capita GDP, 2010
(at current prices in US Dollars)

2 088 \$



Remittances received to GDP, 2010

0.3 %

Source: World Bank (2011), UN DESA (2010).

¹ Bindhya Pradhan Priesner, Consultant

KEY POINTS

- **Bhutan is predominately a migrant-receiving country, as very few Bhutanese migrate abroad. The Bhutanese labour force is reluctant to do manual jobs due to low wages and a negative stigma attached to this type of work. This has, consequently, resulted in a labour shortage and opened up opportunities for workers from neighbouring countries. The migrant labourers from abroad tend to have significantly lower pay scales.**
- **The Government of Bhutan tightly controls in-migration through various regulations, including, among others, a ceiling on the number of foreign workers based on labour market demand at a given time, restrictions on the employment period for specified jobs held by foreign workers and a requirement that foreign migrants hire registered recruitment agencies to obtain jobs. Outbound migration mainly consists of Bhutanese students completing their education overseas.**
- **Rural to urban migration is significant in Bhutan despite government efforts to slow this trend by improving services in rural areas. The share of the country's urban population is expected to double to 60 per cent between 2005 and 2020, putting pressure on urban centres to handle the rapid influx of Bhutanese from different parts of the country.**

Social and economic context of migration

Bhutan lies between China and India, which have a combined population that is two thousand times greater. In fact, the country's population density rate of 17.9 per square kilometre is the lowest in South Asia (UNSD no date) and with a land size of 38,394 km², Bhutan has a relatively favourable land to people ratio despite its predominantly mountainous terrain.

Per-capita income in Bhutan stood at \$2,088 in 2010, a relatively high figure compared to most of its neighbouring countries, and in the global Human Development Index for 2009, it ranked 132 out of 182 in the category of countries listed under 'medium human development'. The country's progressive policies towards education, specifically with regard to the rollout of comprehensive education systems, resulted in a primary school enrolment rate of 84 per cent and primary school completion rate of 87 per cent in 2007. Enrolment at the higher and secondary level was reported to be about 25 per cent for the same period (UNDP 2009).

The Bhutan economy is in a transitional phase. The country is experiencing significant growth in the hydropower and construction sectors and as a result, its dependence on agriculture is decreasing at the expense of increased reliance on the manufacturing and service sectors. The construction industry has for some time been one of the growth engines of the economy. However, despite efforts to train a large number of construction technicians, shortages of workers in this category persist. The wages paid to these types of workers are not sufficient enough to compensate for often having to work in remote locations and the negative image attached to this occupation. Similarly, blue-collar jobs hold a low status, and though training facilities have been created or expanded to support the building industry and sheet metal works, not enough people take advantage of them (Ernst and Young 2009).

The need for labour in the construction sector is increasing under the country's *Tenth Five Year Plan* (2008–2013), which includes projects to build hydropower plants, develop infrastructure and construct roads (Bhutan 2010).

In a recent survey, private sector firms reported difficulties in recruiting low-skilled labour as well as highly skilled experts among the Bhutanese labour force. In addition, 13 per cent of the Bhutanese firms interviewed identified labour skills as a major constraint. Average labour costs in Bhutan are almost 45 per cent higher than those in India (World Bank 2010). The twin pull factors of an internal labour shortage and high wages are especially strong in the construction sector, which is the main employer of foreign workers.

Skill mismatch is an increasingly important issue in Bhutan. Even though some sectors need to employ foreign workers due to labour shortages, unemployment in Bhutan has been on the rise. The Bhutan Labour Force Survey 2009 reported an unemployment rate of 4 per cent in 2009 (2.6 per cent for men and 5.6 per cent for women), up from 2.4 per cent in 2004. It indicated that unemployment rose sharply in urban areas from 2.0 per cent in 2004 to 7.5 per cent in 2009. Labour force data over the years also indicate that the number of unemployed youth is disproportionately high. Youth unemployment has increased rapidly from 2.2 per cent in 1998 to 9.9 per cent in 2007 and 13 per cent in 2008 (Ernst and Young 2009, Dorjing 2010).

The 2005 Bhutan census reported that 43 per cent of the people employed were working in the agriculture sector as compared to 75 per cent in 1999. The industrial sector in 2005 accounted for 17 per cent of the labour force, tripling from less than 5 per cent in 1999. Similarly, those employed in the service sector more than doubled from about 16 per cent to about 39 per cent during that period. This can be attributed to steps taken to modernize the economy and make it less dependent on subsistence agriculture as well as to the implementation of progressive education policies. These activities have consequently resulted in rural-urban migration trends and accompanying population movements. Nevertheless, the population of Bhutan is still predominantly rural but the pace of urbanization has been accelerating. In 2005, some 30.9 per cent of the population lived in urban areas, up from 15 per cent in 1994 (Bhutan Office of Census Commissioner 2005).

Out-migration

Out-migration from Bhutan is minimal, consisting mostly of Bhutanese students receiving a tertiary education abroad on merit-based scholarships. According to government statistics released in 2008, there were about 3,200 Bhutanese scholarship students enrolled in various institutes in India and abroad (Bhutan, Ministry of Education 2008). These numbers, however, do not provide a complete picture, as there is no systematic data collection to capture the growing number of students studying abroad under private funding. Given its geographical proximity, India is the preferred destination. Some of the other host countries for Bhutanese students are Australia, Bangladesh, Myanmar, the Netherlands, New Zealand, the Philippines, Sri Lanka, Thailand, the United Kingdom of Great Britain and Northern Ireland, and the United States of America (Bhutan Ministry of Education 2008). Most of the students return to Bhutan, but some of them opt to take advantage of job opportunities overseas.

The number of Bhutanese seeking job opportunities abroad is not usually documented but is believed to be small. According to data from the Royal Monetary Authority of Bhutan, remittances from non-resident Bhutanese working in countries other than India totalled \$1.54 million in fiscal year 2006 (UNDP, UNAIDS and ILO 2010). Some Bhutanese reportedly move to India due to better economic prospects. Free movement is permitted between the two countries without the need to present a passport or visa, making it difficult to obtain data on the number of Bhutanese working in India.

In-migration

Bhutan is largely a migrant-receiving country and applies stringent regulations on migrants. In 2004, Bhutan imposed a ceiling of 45,000 foreign workers in the country (Pramar 2004). This ceiling is periodically adjusted “depending on economic activities, national security and supply of Bhutanese workforce” (Bhutan Ministry of Labour and Human Resources 2011).

The Ministry of Labour and Human Resources of Bhutan publishes and updates regularly detailed records of all foreign workers in Bhutan. The number of recorded foreign workers in the country as of 1 August 2011 was 46,895, of whom more than 99 per cent of them were male. The vast majority of them, more than 98 per cent, originated from India and by far, the largest share (about 75 per cent) worked in the construction sector (table 1). Based on the figures, foreign workers account for about 15 per cent of the Bhutanese workforce (Bhutan, Ministry of Labour and Human Resources 2011).

Table 1.
Stock of foreign workers in Bhutan by country of origin, as of May 2011

COUNTRY OF ORIGIN	TOTAL	MALE	FEMALE	UNKNOWN
India	43 408	43 197	179	1
Bangladesh	137	133	4	0
Japan	100	75	25	0
United States of America	68	45	23	0
Canada	33	20	13	0
Myanmar	26	11	15	0
Nepal	21	19	2	0
Thailand	21	14	7	0
Other countries	140	100	40	31
Total	43 954	43 614	308	32

Source: Bhutan Ministry of Labour and Human Resources (2011).

The Royal Monetary Authority of Bhutan estimated that outward remittances by Indian migrants working in Bhutan stood at \$23.09 million in 2006 (UNDP and others 2010).

Bhutan has strategically placed industrial plants and special economic zones along the southern border with India. These zones give manufacturers easier access to the Indian market and daily foreign workers from across the border. Although foreign workers are not permitted to be employed in Bhutan without a work permit, the open border between India and Bhutan has reportedly resulted in irregular foreign labourers in the border towns as daily wage earners. In the last few years, the Government has applied stronger measures to curtail the hiring of foreign daily labour in order to free up jobs for unemployed Bhutanese (Sanam 2010).

According to a recent report, almost one fifth of the Bhutanese firms surveyed reported that difficulty in getting access to foreign workers was a major or severe obstacle. A government online system for applying for permission to hire skilled foreign workers was believed to be working well, but regulations were hindering access to both skilled and low-skilled foreign labour. In addition, the required use of third party agents licensed by the Government to hire low-skilled foreign labour was considered to be costly and not advantageous for business (World Bank 2010).

Bhutan has adopted strict policies on immigration. In 2007, the National Assembly of Bhutan passed the Immigration Act of the Kingdom of Bhutan. The Preamble states that the Act aims to ensure that the Kingdom remains free from illegal immigrants and that it would retain control over the immigration of foreigners for the security and prosperity of the nation.²

The Handbook on the Recruitment and Employment of Foreign Workers compiles all the procedures laid down in the Immigration Act and Labour Act with respect to contract conditions, recruitment agencies and other directives. It states that only skilled persons and technicians not available among the Bhutanese population would be approved for recruitment and employment by the Labour Recruitment Committee. In addition, a number of occupations have been closed to foreign workers since 1 June 2004, including, among them, accountants, tailors, drivers, gardeners and hairdressers.³

The Immigration Act differentiates between “highly skilled, professional, and technical experts” and “skilled and technical workers”, with the former being defined as foreigners who have “extraordinary ability in the field of science, art, education, business, or sports, which has been demonstrated by sustained national or international acclaim and whose achievements have been recognized in the field through extensive documentation”. The normal duration of contracts for highly skilled, professional and technical experts should not exceed three years, while the maximum period for skilled and technical workers is one year.

Only those who are confirmed to be physically and mentally fit by a medical fitness certificate issued by a professional medical practitioner from a hospital in Bhutan can be recruited and employed as a foreign worker. Access to basic

² See www.dit.gov.bt/sites/default/files/ImmigrationAct2007.pdf.

³ See www.molhr.gov.bt/publication/hbook.pdf.

health-care services in general are provided free of cost to Bhutanese nationals and accessible to foreign workers as well.

For the construction sector, the Government encourages recruitment of male members, and foreign workers are discouraged from bringing families/relatives to Bhutan during their contract period. Only those recruited for regular and permanent positions are permitted to bring their spouse and children. All foreign workers are required to come into the country through registered foreign workers recruitment agents, who are responsible for them during their stay in the country and must ensure their departure when their contract is completed.

A foreign worker is allowed to work only at the specified work site and in the occupation stated in the work permit, and a special permit is required for them to work in certain designated areas. A section in the Immigration Act of the Kingdom of Bhutan, 2007, referred to as “inspection, suspension, cancellation and revocation” gives provisions for spot checking in public places, as well as regular field inspections in all residential, commercial, private, and official premises, to identify irregular migrants and unauthorized foreign workers in the country. A heavy financial penalty can be levied on the employer of a foreign worker without a permit with even possible imprisonment, and immediate deportation of a foreign worker.⁴

Human trafficking

There are cases on record involving internal and cross-border trafficking in Bhutan such as bringing children from other districts or recruiting young women on false promises to be domestic workers (Bhutan Times 2009). Although official data regarding trafficking of women and young girls within or outside Bhutan are not available, there have been anecdotal reports of Bhutanese women and children exploited for sex work outside Bhutan, and fairly frequent reports of missing persons (Bhutan no date). Evidence of increasing commercial sex work in urban areas and border towns has also been reported, an outcome of migrant women from neighbouring countries, and internal migration as young girls from rural areas move to more affluent areas in search of better opportunities (Nedan Foundation 2009).

According to the Labour and Employment Act 2007, children between 13 and 17 years of age can be legally employed, albeit in certain areas.⁵ This is contrary to the country’s ratification of the Convention on the Rights of a Child (CRC). Currently, no support systems for working children or measures to monitor their situation are in place.

Notably, in 2007, the National Commission for Women and Children filed the first case of child trafficking in the country, involving a child who had been trafficked for domestic work. It generated widespread media coverage and intense public discussion. The perpetrator received a three-year sentence. The case was seen as a signal for Bhutan to intensify mechanisms to prevent and address the trafficking of women and children (UNICEF 2008).

⁴ See www.dit.gov.bt/sites/default/files/ImmigrationAct2007.pdf.

⁵ See www.molhr.gov.bt/publication/labouract.pdf.

Status of ratification of key international instruments and legal framework

Bhutan has ratified several international and regional human rights conventions, including the CRC, and the SAARC Convention on Preventing and Combating Trafficking in Women and Children into Prostitution. Bhutan is signatory to the Convention on the Elimination of All Forms of Discrimination against Women (CEDAW), and several articles of CEDAW have been incorporated into national laws and policy documents (National Plan of Action for Gender 2008–2013). Bhutan is also signatory to the International Convention on the Elimination of All Forms of Racial Discrimination (ICERD), but has yet to ratify it.

Bhutan has not yet signed the 1990 United Nations International Convention on the Protection of Rights of Migrant Workers and Their Families, and the United Nations Protocol to Prevent, Suppress and Punish Trafficking in Persons (table 2). Bhutan is not a member of the International Labour Organization (ILO). However, the Labour and Employment Act of Bhutan 2007 allows local workers to form their own associations, facilitating the protection of labour rights.

Table 2.
Status of ratification of key international instruments on international migration

INTERNATIONAL INSTRUMENT	ENTRY INTO FORCE	STATUS
ILO Convention concerning Migration for Employment (rev 1949) (Nº.97)	22 January 1952	--
ILO Convention concerning Migrations in Abusive Conditions and the Promotion of Equality of Opportunity and Treatment of Migrant Workers (Supplementary Provisions) (Nº.143)	09 December 1978	--
International Convention on the Protection of the Rights of All Migrant Workers and Members of Their Families	01 July 2003	--
Protocol to Prevent, Suppress and Punish Trafficking in Persons, Especially Women and Children	25 December 2003	--
Protocol Against the Smuggling of Migrants by Land, Air and Sea	28 January 2004	--
1951 Convention relating to the Status of Refugees	22 April 1954	--
1967 Protocol relating to the Status of Refugees	04 October 1967	--

Source: ILO (no date), United Nations (no date).

References

- Bhutan (no date), *National Plan of Action for Gender 2008–2013*, Gross National Happiness Commission (Thimphu, National Commission for Women and Children).
- _____ (2010), *Tenth Five Year Plan 2008–2013, Volume 1: Main document*, accessed from http://planipolis.iiep.unesco.org/upload/Bhutan/Bhutan_TenthPlan_Vol1_Web.pdf on 11 August 2011.
- Bhutan Ministry of Education (2008). *General Statistics*, accessed from www.education.gov.bt/Publications/General%20statistics%202008.pdf on 11 August 2011.
- Bhutan Ministry of Labour and Human Resources (2011). Data online, accessed from www.molhr.gov.bt/lmis/nonnationallabourmarketinformation.php on 1 August 2011.
- Bhutan Office of Census Commissioner (2005), *Results of Population and Housing Census 2005*, accessed from www.nsb.gov.bt/pub/phcb/PHCB2005.pdf on 1 August 2011.
- Bhutan Times (2009), “Human trafficking from Bhutan”, *Bhutan Times*, 25 January 2009.
- Dorji, T. (2010). “Constraints in Bhutan's labor workforce”, *Bhutan Times*, 7 November 2010.
- Ernst and Young (2009). *Bhutan Labour Market Survey: a study on the long-term manpower requirements in the country*, accessed from www.rec.org.bt/wp-content/uploads/Bhutan_Labor_Market_Study_FINAL_Jun24.pdf on 1 August 2011.
- International Labour Organization (ILO) (no date). ILOLEX Database of International Labour Standards, accessed from www.ilo.org/ilolex/english/index.htm on 11 August 2011.
- Nedan Foundation (2009). *Standard Operating Procedures on Trans-Border Human Trafficking and HIV between Bodoland Territorial Council and Royal Kingdom of Bhutan* (Delhi, Nedan Foundation).
- Prammar S. K. (2004). “Bhutan: Regulating foreign workers”, *Asian Tribune*, 2 August 2004.
- Sanam, T. (2010), “Only foreign workers with permits to be allowed”, *Bhutan Times*, 19 September 2010.
- United Nations (no date). United Nations Treaty Collection, accessed from <http://treaties.un.org/Home.aspx> on 11 August 2011.
- United Nations Children Fund (UNICEF) (2008), *South Asia in Action: Preventing and Responding to Child Trafficking; An Analysis of Anti-Trafficking Initiatives in the Region*, accessed from www.unicef-irc.org/publications/pdf/ii_ct_southasia_analysis.pdf on 1 August 2011.
- United Nations Department of Economic and Social Affairs (UN DESA) (2010). *World Population Prospects: The 2010 Revision*, accessed from <http://esa.un.org/unpd/wpp/index.htm> on 11 August 2011.
- United Nations Development Programme (UNDP) (2009). *Human Development Report, Overcoming Barriers: Human mobility and Development*, (New York, UNDP).
- United Nations Development Programme (UNDP), United Nations AIDS (UNAIDS) and International Labour Organization (2010), *HIV and mobility in South Asia* (Bangkok, UNDP).
- United Nations Statistical Division (UNSD) (no date). UNdata: a World of Data, accessed from <http://data.un.org> on 1 August 2011.
- World Bank (2009), World Bank data online, accessed from <http://data.worldbank.org/country/Bhutan> on 1 August 2011.
- _____ (2010), *Bhutan investment climate assessment report: Vitalizing the private sector, creating jobs. Volume 1: Summary report*, accessed from <http://siteresources.worldbank.org/BHUTANEXTN/Resources/306148-1288813971336/BhutanICAVolume1.pdf> on 11 August 2011.
- _____ (2011). World Development Indicators, accessed from <http://data.worldbank.org/indicator/SL.TLF.TOTL.IN> on 11 January 2012.