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Embassy of Switzerland to India and Bhutan



Invitation to join the first ever Swiss business delegation trip to Bhutan

04 - 07 June 2019

The Embassy of Switzerland to India and Bhutan, Switzerland Global Enterprise and the Society Switzerland Bhutan are organising a business trip to Bhutan from 04 - 07 June 2019.

Switzerland and Bhutan share a very special and close history which dates back to the 1950s, and goes back to the strong and exceptional friendship between His Majesty, King Jigme Dorji Wangchuck and Mr. Von Schulthess, a well-known Swiss entrepreneur.

Over the years, many joint projects in agriculture, forestry, business, health, education have been built up. And to further strengthen the relationship between the two countries, Switzerland established a new Swiss Consulate in Thimphu on 1st August 2018.

During many high level meetings, both the countries discussed the wish to increase possibilities for Swiss companies to get to know more about Bhutan and its business opportunities. And from there, the idea of this Swiss business delegation trip to Bhutan was born.

It gives us great pleasure to invite companies from Switzerland, Liechtenstein and related companies in India to join us for this «first ever Swiss business delegation trip to Bhutan», and to experience for yourself the business opportunities that Bhutan offers.



1. Why consider doing business in Bhutan?

While Bhutan itself has a small domestic market, opportunities exist for Swiss and Liechtenstein small and medium-sized companies as well as for larger transnational corporations. Additionally, Swiss companies based in India can enjoy benefits arising out of the location advantage.

- The free-trade agreement between Bhutan and India provides companies automatic access to the Indian market. There is also preferential access to the sub-continent through the South Asian Free Trade Agreement.
- Bhutan has affirmed its clear commitment to diversify the country's economy, to foster private-sector development, and to focus on legislative and institutional reforms, in order to improve the environment for businesses to flourish.
- According to the World Bank 2018 Doing Business Report, Bhutan is one of the two top performing economies in South Asia.
- Availability of competitively priced energy generated from Bhutan's abundant hydropower resources is ideal for industries with a high level of power requirement.
- Bhutan is a safe country with very low levels of crime and corruption, a strong and stable political system, and rich in both human and material resources.

2. What can the participants expect?

During this trip, participants can expect a programme covering the following elements, with the possibility of requesting tailor made options:

- Sector insights with important private companies and public sector organizations.
- B2B session with potential business partners and other relevant companies.
- Interactions with decisions makers and key industry bodies.
- Conversations with subject experts on topics such as the history, business culture, role of Buddhism and the concept of Gross National Happiness.
- Possibility of interactions with high ranking officials of the Royal Government of Bhutan.
- Site seeing including museums, important Buddhist sites, monasteries. Possibility of suggesting an itinerary for those who wish to stay longer for tourism

3. Indicative Programme.

Switzerland and Bhutan: Ready for Business

Exploring business opportunities in Bhutan

Tuesday, 04.06.2019: Delhi to Thimphu

Morning

- Assemble at the meeting point in the Delhi International Airport
- Flight from Delhi to Paro International Airport and transfer to hotel in Thimphu

Evening

- Welcome dinner reception hosted by H.E. Dr. Andreas Baum, Ambassador of Switzerland to India and Bhutan, and Mr. Lyonpo Kinzang Dorji, Honorary Consul of Switzerland in Bhutan

Wednesday, 05.06.2019: Thimphu

Morning

- Information session providing insights into the following topics:
 - Swiss Bhutan friendship – Mrs. Marianne Frei, President, Society Switzerland Bhutan
 - Understanding Bhutanese business culture – Mr. Adrian von Bernstorff, Director of the Entrepreneurialism Clinic at Jigme Singye Wangchuck School of Law in Thimphu
 - Tips for doing business in Bhutan – Mr. Sapan Parekh, DreamMaker Ventures, Delhi
 - Insights into the regulatory environment - Mr. Passang Dorji, DreamMaker Ventures, Thimphu

Afternoon

- Meeting with officials from various Ministries such as the Ministry of Economic Affairs
- Interaction with Mr. Karma Yezer Raydi, CEO, Druk Holding & Investments Ltd
- Lunch with country representatives of important multilateral organizations based in Bhutan
- Information Technology sector insight and visit of a Swiss company at the Thimphu Tech Park
 - Sector overview, current scenario & trends by Mr. Tshering Cigay Dorji, CEO, Thimphu Tech Park
 - Why we chose Bhutan? A case study by SELISE Bhutan (subsidiary of Zurich based Selise AG)
 - Strategic importance of the IT sector in Bhutan by the Department of IT and Telecom

Evening

- Bhutanese dinner at the museum of the Royal Textile Academy or dinner at a micro-brewery in Paro

Thursday, 06.06.2019: Thimphu

Morning and Afternoon

The following interactive sector sessions, 1:1 meetings, will be organised (2-3 hour sessions, in parallel):

- Agriculture, organic food, food processing and sourcing:
(with the Ministry of Agriculture, Druk Meto project and a visit to the Mountain Hazelnuts orchard for a conversation with the CEO)
- Construction, infrastructure and engineering
(with the CEO of the Construction Development Corporation Ltd and other experts)
- Banking, financial Services and insurance
(with the Governor of the Royal Monetary Authority of Bhutan and private banks)

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- Healthcare, pharma and medtech
(with the Ministry of Health and other organizations)
- Retail and consumer goods
(with the CEO of Bhutan Duty Free Limited, including a visit to the duty free shop)
- Environment and clean technologies
(with the Head of Loden Foundation entrepreneurs and relevant government bodies)
- Other sector sessions or 1:1 meetings, as requested by the participants

Evening

- An overview of the history of Bhutan, with an introduction to Buddhism, by Mr. Karma Phuntsho, author of the book 'The History of Bhutan'. Followed by dinner

Friday, 07.06.2019: Thimphu

Morning

- Business information and a B2B match making event with potential business partners from the private and the public sector.
(with members of the Bhutan Chamber of Commerce and Industry)
- Networking lunch

Afternoon site seeing

- 4 to 5 hours of site seeing, hikes, monasteries, museums such as:
 - Tiger's Nest monastery, an iconic Buddhist temple complex, on a cliff 3,120 meters above the sea level, on the side of the upper Paro valley.
 - Tango Goemba, an ancient monastery which was founded in the 12th century, and is situated in the scenic Cheri Mountains.
 - The Royal Textile Academy of Bhutan, Tashichho Dzong, Thimphu Chorten, Changangkha Lhakhang, National Institute for Zorig Chusum
- An interaction with the Director of the Tourism Council of Bhutan.

Evening

- Dinner: Raclette (with a Bhutanese twist!) with the members of the Swiss community in Bhutan, and other guests

Saturday, 08.06.2019: Thimphu to New Delhi

- Check-out of hotel post breakfast, transfer to Paro.
- On the way to the airport, option to visit the Buddha Dordenma Statue which is located atop a hill in Kuensel Phodrang Nature Park, and overlooks the Thimphu Valley. This statue at a height of 51.5m is one of the largest statues of Buddha in the world.
- Flight from Paro to Delhi
- Arrival in Delhi by late afternoon

4. Participation details.

- A. Participation fee, with accommodation in *4 star hotel* in Thimphu: CHF 988 CHF
B. Participation fee, with accommodation in *5 star hotel* in Thimphu: CHF 1863 CHF

Fee Includes:

- Accommodation for four night, inclusive of breakfast
- Airport transfers and local transportation
- All meals, networking receptions and B2B meetings
- Arrangement of all meetings and site seeing options
- Facilitation of visa for India and Bhutan (there is a special exemption of Bhutan visa fee for the participants of this trip)
- **Important:** Flights from New Delhi to Paro and back are not included in the above fee; but due to limited availability of seats, we will facilitate this booking and bill each participants on actual.

Fee Excludes:

- International flights from Switzerland or elsewhere to arrive in India or Bhutan

Provided upon request:

- Overnight stay at airport hotel in New Delhi can be booked at a special tariff provided to the Swiss Embassy
- Additional days for site seeing can be organized

Last date of registration: 17th April 2019

Registration Form:

Participation fee	Please select
A. With accommodation in 4 star hotel in Thimphu: CHF 988	<input type="checkbox"/>
B. With accommodation in 5 star hotel in Thimphu: CHF 1863	<input type="checkbox"/>
Company	
Last Name	
First Name	
Position	
Street	
PO Box	
Post Code, City	
Cell Phone	
Email	
Comments or any special requests	
Place/ date	
Signature	

5. Bhutan Sector Overview and Opportunities

Agriculture, organic food, food processing and sourcing:

- With a climate, varying from subtropical in the south to alpine conditions in the North, a vast range of crops can be grown in Bhutan. It is known as the land of medicinal herbs, and has a rich tradition of healing (*sorig*) that shares the same characteristics as Ayurveda and nutraceutical products.
- 60% of the population is engaged in the agriculture sector, comprising 17% of the GDP as the largest sector – approximately Nu 20 billion (CHF 0.28 billion). The majority of Bhutan's food is imported from India and Thailand and tends to be highly processed.
- Commercialization of agriculture is identified as a priority development goal. Institutional reforms to attract investments include providing 10-year income tax holiday, easier access to finance and public land. Businesses also enjoy exemptions on sales tax and import duty on farm machinery and inputs.

Opportunities: Agri and food processing machinery, organic food and horticulture, scaling up of the green tea plantation in central Bhutan, craft beer and bottled water, dairy processing, essential oils, food testing and certification, farming of medicinal plants and edible flowers.

Construction, infrastructure and engineering

- As a developing nation, infrastructure projects are a perpetual feature of the Bhutanese landscape. The construction sector accounts for 16% of the GDP. In addition to roads, bridges and other public works that cater to a growing population, hydropower projects are the primary driver of infrastructure investment in Bhutan.
- With the focus on developing multiple large hydropower projects by 2020, significant investments have been made into auxiliary sectors around these projects such as roads, shops, restaurants, housing and entertainment. With more hydropower projects still in the pipeline, and with newly prosperous businesses and individuals continuing to build homes and offices, the construction sector is likely to grow further.

Opportunities: Expertise and consulting services for ropeways, bridge construction, tunnelling, rock fall protection and other mountain infrastructure. Construction equipment and materials, heating and insulation technology, energy efficient buildings, quick drying cement, tools, hand tools, and door/window/kitchen/bathroom fittings and fixtures.

Information Technology (IT)

- After decades of looking to IT as a panacea to physical challenges like rough terrain and a small domestic market, a critical mass of IT professionals, entrepreneurs and policy support has begun to create an enabling environment. Plus, where broadband internet penetration struggled to gain traction, the ubiquity of smartphones has also proven key in spurring IT-enabled growth.
- The Thimphu TechPark is currently enjoying a run of success in attracting international firms to its campus and promoting the development of start-ups through trainings, mentorships, idea competitions and workspace support. With its present 50,000 square foot space fully occupied, and a second facility is under construction.
- Sector specific incentives for the IT sector include a ten-year tax holiday for the operation of IT/Business Process Outsourcing (BPO) units.

Opportunities: Business Process Outsourcing, Knowledge Process Outsourcing, block chain, transaction processing and data centres.

Banking, financial Services and insurance

- Bhutan has five banks: Bank of Bhutan, Bhutan National Bank, Bhutan Development Bank, T Bank, and Druk PNB. Three non-banking financial institutions – National Pension and Provident Fund, Royal Insurance Corporation of Bhutan, and Bhutan Insurance Limited are also sanctioned to provide loans. Together, the assets of these institutions total Nu 163.77 billion (CHF 2.34 billion)
- All lending by these FIs are mostly collateral-based, leaving a critical gap in funding for start-ups and small businesses. While a few civil society organisations have implemented microfinance programs and zero interest loans to promote entrepreneurship, the need for alternative models of finance and investment continues to be a challenge.

Opportunities: The Royal Monetary Authority of Bhutan is keen to explore digital banking, fintech and use of new technologies such as block chain. Technology partnership, providing external commercial borrowings to Bhutanese companies and potential collaboration in the cottage and small banking sector.

Healthcare, pharma and medtech

- The Government provides free healthcare across the country through its 27 hospitals, 208 basic health units, 519 outreach clinics, and 49 indigenous units. There have been continuous efforts by the Ministry of Health to improve and modernise the healthcare system and services.
- An interesting aspect of the health system is the fusion of traditional and modern medicine. It is not uncommon that a patient would consult both a modern and indigenous physician. For the latter, about 300 out of 600 identified medicinal species in Bhutan are commonly used to prepare drugs.
- According to the FDI Policy, pharmaceuticals have been identified as a priority activity by the Government of Bhutan and FDIs are allowed up to 74% ownership.

Opportunities: Pharmaceuticals production and export, sourcing for nutraceutical production, medical equipment and technology. There are also opportunities to supply laboratory testing equipment and medical devices to the Ministry of Health.

Environment and clean technologies

- Bhutan, known for its policies concerning environment, is perhaps the only Carbon negative country in the world.
- One of the major focus areas in the country is the development of a green and sustainable economy. Fiscal incentives such as the tax rebate of 15%, is provided for environment friendly projects.
- Waste management is a priority activity, and other technologies such as green buildings are being encouraged within the growing construction sector in Bhutan.

Opportunities: Clean tech and energy efficient products and services, waste and waste management, environmentally friendly building materials, wood working industries. Essentially, clean, green and sustainable business ideas are required.



Consumer goods

- Bhutan is a niche market - has a small population of 735,553 and places restrictions in FDI wholesale or retail trading. However, due to its nascent manufacturing sector, almost all of consumer goods are imported in Bhutan mostly from India or Thailand.
- With a growing economy and increasing prosperity, there is now a segment of consumers who are demanding high end goods. Further, with a growing number of tourists, there is an opportunity for duty free goods as well.

Opportunities: Export of consumer and retail goods through Bhutanese distributors or in partnership with Bhutan Duty Free Corporation, for consumer and destination goods such as watches, knives, chocolates, luggage, and mountain/ trekking gear.

Travel and Tourism

- In 2017, Bhutan had 254,704 visitors for tourism packages such as culture, adventure, spirituality, wellness or nature. While Bhutan's unique culture of high end tourism certainly draws in visitors, the figures also speak to a lack of innovation in the tourism industry to provide other attractions.
- The country's rich nature preserves and wild rivers, for instance, seem obvious draws for adventurous travellers. Its relatively untouched environment make it an ideal wellness destination and its deep Buddhist roots offer many interesting options as well.

Opportunities: Investment in tourism infrastructure has steadily grown in the last two decades. However, the potential to capture a niche market continues to exist. Specialized tourism products like wellness resorts, four and five star hotels and high end resort, MICE tourism, corporate retreats and other adventure and nature based recreational services.

6. Bhutan Country information

The Kingdom of Bhutan is a constitutional monarchy of about 787'000 people. Landlocked between China and India, the country covers 38'394 km² (slightly smaller than Switzerland), mainly covered by forests and mountains. The long-term vision of Bhutan's Government is based on the concept of the Gross National Happiness which strives for a democratic, internationally recognized, and socially equitable society.



Population:	735,553
Land Area:	38,394 km sq
Capital:	Thimphu
Language:	Dzongkha (official language), English (business language)
Currency:	Ngultrum (NU 1 = INR 1)
Literacy Rate:	71.4 percent
Total Number of Hospitals:	27 (2017)
GDP:	\$2.53 billion (CHF 2.55 billion)
GDP per capita:	\$3438.16 (CHF 3475 billion)
GDP growth (2017):	4.63%
Major International airport:	Paro International Airport
Domestic airports:	Bumthang, Yonphula, Gelephu
Connectivity to other airports:	Delhi, Guwahati, Kolkata Bagdora (India), Bangkok (Thailand), Dhaka (Bangladesh), Kathmandu (Nepal), and Singapore
Telephone connections:	21,364 (2017)
B-Mobile Subscribers:	475,394 (2017)
T-Cell Subscribers:	255,229 (2017)
Tourist arrival:	62,272 international tourists and 254,704 both regional and international tourists (2017)
Electricity Generation (MU):	7,729,77 (2017)
Sales of Energy:	Nu. 4,913.9 million (CHF 70.10 million)

FDI in Bhutan

- Of the 64 foreign direct investment (FDI) projects worth Nu 34 billion (CHF 0.49 billion) since 2002, 64% have been from the Asia region, 21% from Europe, 11% from North America, and 4% from Oceania
- FDI sector breakup: 42% (Hospitality), 15% (IT/ITES), 11% (Dairy, agro, water bottling and beverage projects), 5% (Financial services), 7% (Power intensive manufacturing firms) and others in services and manufacturing.

Cost of Doing Business in Bhutan

- Land (lease rent):
 - Major Commercial Hubs: \$16/m sq per month (CHF 16 /Kwh)
 - Industrial Estates: \$0.06/sq ft. per year (CHF 0.06/Kwh)
- Electricity: US\$0.04/Kwh (CHF 0.04/Kwh)
- Water: US\$0.11/m sq (CHF 0.11/ m sq)



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