PRESS COVERAGE 2018

EU – BHUTAN TRADE SUPPORT
EXPORT DIVERSIFICATION FOR ECONOMIC GROWTH AND POVERTY REDUCTION
Bhutan export diversification project launched to connect micro small and medium-sized enterprises to global markets

European Union, Royal Government of Bhutan and International Trade Centre step up support to Bhutanese exports

(Thimphu/Geneva) Bhutanese producers of horticulture and textile handicrafts will enjoy better competitiveness in foreign markets following the launch of a new European Union (EU) project that aims to improve value addition, market linkages and the trade and investment regulatory framework.

Announcing the new project in Bhutan’s capital, Thimphu, on 24 May, Bhutan’s Minister for Economic Affairs Lyonpo Leki Dorji explained: ‘The support from the EU will help in increasing export diversification which would help in implementing the “Brand Bhutan” initiative with increase in exports of selected value chains of horticulture and textile handicrafts’.
Provided with €4 million of funding from the European Union, the ‘EU-Bhutan Trade Support Project’ will run over 40 months and will be managed by the International Trade Centre (ITC) in collaboration with the Royal Government of Bhutan.

EU Ambassador Tomasz Kozlowski said: ‘This initiative aims to contribute to the Royal Government of Bhutan’s objective of economic diversification, reducing economic dependence, opening up market opportunities and supporting job creation’. He added that ‘Our support in the sectors of horticulture and hand-woven textiles will ensure that the private sector continues to grow in the country, by producing and selling good quality products to foreign markets’.

Bhutan has in recent years gradually embraced international trade and investment in a bid to achieve economic self-reliance and inclusive green socio-economic development. Bhutan aims to build a strong, dynamic and progressive economy and a key goal of the ‘EU-Bhutan Trade Support Project’ is to support the government in this effort.

ITC Executive Director Arancha Gonzalez said: ‘An improved trade and investment environment will be crucial for Bhutan to diversify its exports and achieve value addition. An important component will be to help horticulture and textile producers sell quality products in line with market demands. This diversification will play a significant role in Bhutan’s efforts to graduate from the least developed country category in 2021’.

‘As a long-time partner of Bhutan, ITC will continue supporting the government to achieve these objectives. Gender, youth entrepreneurship and protection of the environment will be integral parts of the support provided by ITC, in line with Bhutan's policies and national priorities’, she said.

A steering committee co-chaired by the Gross National Happiness Commission (GNHC) and the Delegation of the European Union to Bhutan with representation from the Ministry of Economic Affairs, the Ministry of Agriculture and Forests and ITC will provide overall direction for the project. National level agencies and apex business entities will support work-plan development and the implementation of activities.

Notes for editors

About the European Union (EU)

The EU, which consists of 28 countries, has the world's largest economy and its third largest population, after China and India. Though richly diverse, the countries that make up the EU (its 'Member States') are all committed to the same basic values: peace, democracy, the rule of law and respect for human rights. They have set up common institutions so that decisions on matters of joint interest can be made democratically at European level. By creating a frontier-free single market and a single currency (the euro) which has been adopted by 19 Member States, the EU has given a significant boost to trade and employment. It is also at the forefront of policies on sustainability.


About ITC
The International Trade Centre is the joint agency of the World Trade Organization and the United Nations. ITC assists small and medium-sized enterprises in developing and transition economies to become more competitive in global markets, thereby contributing to sustainable economic development within the frameworks of the Aid-for-Trade agenda and the United Nations’ Sustainable Development Goals. For more information, visit www.intracen.org.
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EU- Bhutan trade support project launched

Earmarks Euro 52M in assistance between 2014 and 2022

To diversify the country's export and promote brand Bhutan, the European Union (EU) has provided a fund of Euro 4 million on May 24.

The EU-Bhutan Trade Support Project will run over 40 months and will be managed by the International Trade Centre (ITC) in collaboration with the government of Bhutan.

This project is expected to increase the country's exports by developing a value chain on selected products of horticulture and textile handicrafts, developing efficient market linkages and trade and investment regulatory framework.

EU Ambassador, Tomasz Kozlowski said the project was designed in consultation with the Bhutanese government, private sector and civil society organisation.

He said that EU provides budgetary support without dictating the terms and conditions because the country has well-established economic and social development policies.

“We have a strong conviction that Bhutanese government knows better how to spend the fund. It is a reflection of trust and confidence,” he said.

Irrespective of Bhutan’s LDC graduation status, he said EU would provide assistance and support to Bhutan. As the country experiences economic transformation over time, he said new instruments and new ways of collaboration must be explored as priorities change. Area of cooperation in science and technology has potential and scope in future, he said.
He also said that other trade support programmes and investment could be explored from the European Investment Bank (EIU) in future.

The EU ambassador also said that the EU can accommodate more Bhutanese students to pursue higher education in European countries through programmes like Erasmus plus and Marie Curie Scheme, where fellowships are offered in research works.

The EU has also sanctioned a fund of Euro 16.5M for rural development and climate change programmes. Another Euro 20M has been granted for the development of local government and fiscal decentralisation programs.

Counselor of political affairs Thibault Devenlay said technology transfer and capacity development in the field of renewable energy could be accommodated under the climate programmes.

Between 2014 and 2022, the EU has committed an assistance of Euro 52M for Bhutan. One of the EU delegates said that it is for the country to come up with programmes and identify areas where budgetary support is required.

“Bilateral relation between the EU and Bhutan is beyond the development agenda,” the Ambassador said adding that political cooperation and ties are at its best.

Beyond 2022, he said that financial planning for the next five years is ongoing in the EU. “But the EU is committed to support Bhutan,” he said.

Since 1982, the EU and Bhutan has worked together in various development cooperation projects targeted to reduce poverty, enhance food security and strengthen the democratisation process.
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The European Union (EU) provided a fund of 4 million euros on 24 May to diversify the country’s export and to promote Brand Bhutan.

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**Aims of the EU-Bhutan Trade Support Project**

The EU-Bhutan Trade Support Project will span a period of 40 months and will be managed by the International Trade Centre (ITC) in collaboration with the government of Bhutan.

This project is expected to increase the country’s exports by developing a value chain on selected products of horticulture and textile handicrafts.
It will also develop efficient market linkages as well as a trade and investment regulatory framework.

The EU Ambassador, Tomasz Kozlowski said that the project was designed in consultation with the Bhutanese government, the private sector and the civil society organisation.

He said that the EU provides budgetary support without dictating any terms and conditions because Bhutan has already got well-established economic and social development policies in place.

“We have a strong conviction that the Bhutanese government knows better how to spend the fund. It is a reflection of our trust and confidence,” he said.

Irrespective of Bhutan’s LDC graduation status, he said that the EU would provide assistance and support to Bhutan.

As the country experiences economic transformation over time, Tomasz Kozlowski said that new instruments and new ways of collaboration must be explored as priorities change.

**More engagement in various spheres between the EU and Bhutan**

“The area of cooperation in science and technology has potential and scope in future,” he said.

He also added that other trade support programmes and investments could be explored with the European Investment Bank (EIU).
Moreover, the EU can accommodate more Bhutanese students to pursue higher education in European countries through programmes such as the Erasmus plus and Marie Curie Schemes, where fellowships are offered in research works.

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The Counsellor of political affairs, Thibault Devenlay said that technology transfer and capacity development in the field of renewable energy could be accommodated under the climate change programmes.

Between 2014 and 2022, the EU has committed an assistance of 52m euros for Bhutan. One of the EU delegates said that it is time for the country to come up with programmes and identify areas where budgetary support is required.

“Bilateral relations between the EU and Bhutan is beyond the development agenda,” the ambassador said, adding that political cooperation and ties are at its best.
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