

Bhutan-Bangladesh Trade Relations

Historical Background

The friendly relations between Bhutan and Bangladesh dates back to the dawn of Bangladesh's independence. Bangladesh achieved her independence on 20 December 1971. Bhutan was one of the first countries to recognize Bangladesh, and ever since, Bhutan has been keen to foster closer relations with Bangladesh. With the exception of India, Bangladesh was the first country with whom Bhutan established diplomatic relations (1973). In 1980

Bhutan and Bangladesh exchanged resident Ambassadors. These developments were indicative of Bhutan's strong desire to develop and strengthen relations between the two neighbouring countries. With the establishment of diplomatic relations, both countries aspired to strengthen their political, socio-economic and cultural ties.

Development of Trade (1978-1987)

At the outset it may be mentioned that there was no phys-

cal exchange of goods between Bhutan and Bangladesh during this period (1978-1987). The period mainly witnessed the signing of Trade Agreement and various trade talks that were held between the two countries.

In 1978 the first official trade delegation from Bhutan visited Dhaka. During a meeting with the late President Ziaur Rahman, the Bhutanese delegation was informed by the late President that Bangladesh was keen to promote special relations with Bhutan and that Bangladesh would like to assist Bhutan's economic development in whatever way possible.

To this end, the late President instructed the then Commerce Secretary to provide free transit, storage facilities and most important of all a most favored nation treatment to Bhutan.

However, Bhutan could not immediately conclude any agreement with Bangladesh mainly because of the lack of viable transit facilities through India. After much encourage-

ment by the late President Ziaur Rahman, and when the efforts of the Royal Government to obtain transit facilities through India materialized, the Trade Agreement between Bangladesh and Bhutan was eventually signed on the 8th of September, 1980.

Agreement on Trade between Bhutan and Bangladesh

According to the Trade Agreement signed in 1980 both countries agreed to take all measures necessary to promote their bilateral trade. The Trade Agreement also made provisions for according to each other the Most Favoured Nation Treatment (MFNT) in respect of custom formalities, custom duties and other taxes levied on exports and imports of goods to be exchanged. Provisions were also made for facilitating the movement of goods whereby both countries agreed to provide the necessary infrastructure for

storage and expeditious movement of trade cargo. Two Schedules, A and B, for Bhutan and Bangladesh respectively, annexed to the Trade Agreement, enumerated the goods that were identified by both countries as potential goods of exchange. Both countries agreed to conduct trade in accordance with the annexed schedules. It was agreed, however, that this would not preclude the exchange of goods not enumerated in the said schedules. Lastly, both countries agreed to consult each other when ever necessary and also review the implementation of the Agreement.

On December 27, 1983 Bhutan and India signed a Trade Agreement in order to facilitate Bhutan's trade with other countries.

In pursuance to the Agreement on Trade between Bhutan & Bangladesh signed in 1980 and the Indo-Bhutan Agreement on Trade and Commerce signed in 1983, a Memorandum of Understanding was signed

between India and Bangladesh on the 27 December, 1983, to facilitate the movement of goods between Bhutan and Bangladesh.

Subsequently, the Draft Protocol to the Agreement of Trade between Bhutan and Bangladesh was finalized and signed on February 5, 1984. In the 1984 Protocol, pursuant to the 1980 Trade Agreement between the two countries, both Governments agreed as follows:

I. To accord to each other all facilities for development and expansion of trade, including transportation, storage and other such facilities.

II. To designate transit points for conducting trade with provisions to discontinue or add new ones on mutual agreement.

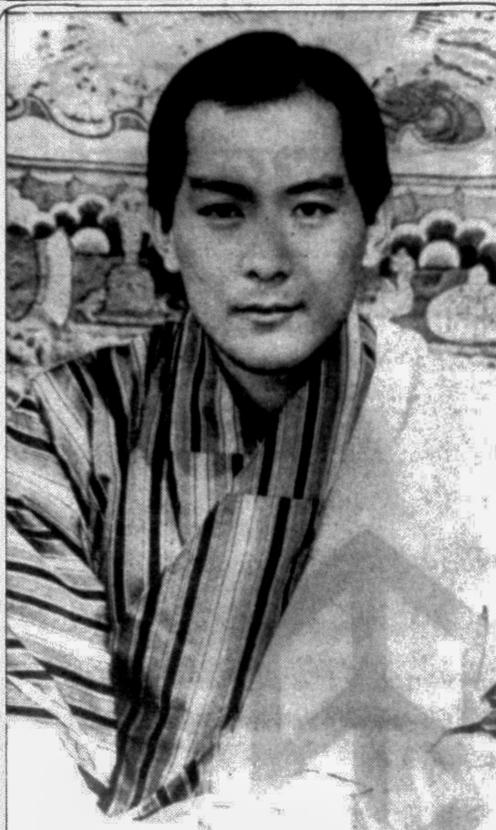
III. To conduct trade in accordance with the Schedules A & B annexed to the Agreement without, however, precluding the exchange of goods not enumerated in the said schedules.

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Comparative Socio-economic Indicators for Bhutan As of 29th May, 1996

	1985	1995
Income		
GDP in million Nu	2392	8742(a)
Per capita GDP in US\$	-	470
Average GDP growth	6.8% (1980-85)	6.7% (1980-1995)
Share of agriculture to GDP	53%	40% (b)
Saving as % of GDP	0%	30% (b)
Investment as % of GDP	45%	52% (b)
Inflation rate	4.4%	8.2% (June 1995)
external Account		
Export as % to GDP	11.4%	27% (b)
Import as % to GDP	43.5%	43% (b)
Foreign exchange reserves in million US\$	206	130
Public Finance		
Govt revenue receipt	233	1891.4 (c)
Tax revenue in million Nu	135.9	681.3 (c)
Govt expenditure in million Nu	1217.7	5155.25 (c)
Current	441.5	1872.06 (c)
Capital	776.2	3003.52 (c)
Human Resource		
Population	-	6,00,000 (c)
Population growth rate	2% (e)	3.1% (b) (d)
Sex composition		
Male	52% (e)	51.2% (d)
Female	48% (e)	48.8% (d)
Animal Husbandry		
Veterinary Hospital	18	20
Livestock Extension Centres	87	112
Regional veterinary Laboratory	-	4
Satellite Veterinary Laboratory	-	1
Livestock Farms	14	10
Fodder Seed Production Centres	1	2
Vaccine Production Centres	-	1
Forestry		
Terminal Division HQs	-	10
Range Office	25 (1982)	35
Beat Office	83 (1982)	53
Forestry Training Institutes	1	1
Forest Cover (Including 8% shrub)	-	72%
Protected Area	-	26%
Power		
Total Electricity Generation	40.5 million unit	1632.878 million unit
Number of Villages Electrified	36	297
Number of Towns Electrified	23	28
Number of Electricity Consumers (Goongs)	9,750	29,080
Transport and Communication		
Length of road (Km)	1755.1	3216.97
Number of Telephone Exchanges	13	22
Number of Telephone Connections	1880	5428
Number of Post Offices	54	103
Number of WT Stations	18	51
Rural Water Supply Scheme	150	1753
Number of Suspension Bridges	175	296
RNR (Common Services)		
RNR Centres	-	27
National Resources Training Institute	-	1
RNR Research Centres	2 (1980)	4
RNR Research Sub-stations	-	5
Soil and Plant Analytical Laboratory	-	1
Agriculture		
Agriculture Extension Centres	121 (1980)	157
Agriculture Seed Production Farms	9 (1980)	11
Plant Protection Centres	-	3
Farm Mechanization Centres	-	3
Farm Mechanization Training Centres	1	1
National Mushroom Centres	1	1
Health		
Life expectancy at birth		
Male	45.8 (e)	65.9 (d)
Female	49.1 (e)	66.1 (d)
a. Infant Mortality Rate	14.2% (e)	7.07% (d)
b. Crude Birth Rate	3.91% (e)	3.99% (d)
c. Crude Death Rate	1.93% (e)	0.9% (d)
d. Maternal Mortality Rate	0.77% (e)	0.38% (d)
e. Health Coverage	65% (1987)	90% (d)
Health Institutes (Nos)	138	665
1. Hospital	28	27
2. Training Institutes	1	3
3. Basic Health Units	65	65
4. Dispensaries	44	55
5. Malania Centres	-	19
6. Outreach Clinics	-	466
Rural pop with access to piped water	31% (1987)	58% (b)
Rural population with access to latrine	-	70% (b)
Universal child immunization	-	84% (1990)
Education		
School enrolment (Nos of Students)	51,835	77,276
Enrolment rate	-	72%
Literacy rate	2.3 (1980)	54%
Number of Education Institutes		
1. High Schools	183	288
2. Junior High Schools	8	9
3. Primary Schools (Including Community schools)	22	19
4. Private Schools	145	245
5. Degree College	-	7
6. Others Institutes (Including Sanskrit Pathshalas)	1	1
	7	7

Foot Note:
 (a) - Preliminary Estimates
 (b) - Data pertains to the year 1994
 (c) - Data pertains to the year 1995/96
 (d) - Health Survey, 1994
 (e) - Demographic Survey, 1984



His Majesty Druk Gyalpo Jigme Singye Wangchuk

A PROFILE

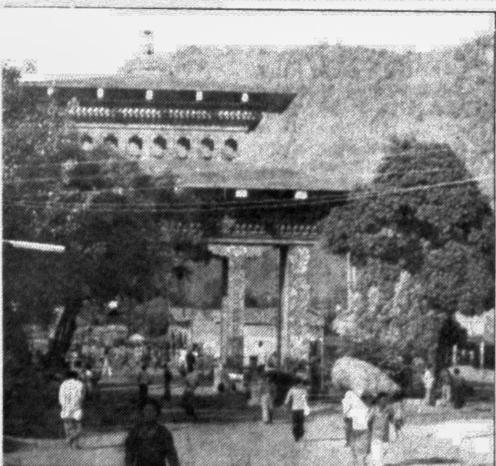
His Majesty King Jigme Singye Wangchuk was born in Dechencholing Palace, Thimphu, on November 11, 1955. After having received his early education in Bhutan, he studied briefly at St. Joseph's School, Darjeeling. He then proceeded to England for further studies and finally returned to Bhutan and joined the Ugen Wangchuk Academy at Paro, where his education included familiarisation with the kingdom's rich spiritual and cultural heritage.

As Crown Prince, he began to shoulder responsibilities from a very tender age. From 1972, at the age of 16, he began to participate in the meetings of the Cabinet, and was appointed the first Chairman of the Planning Commission. On May 5, 1972 he was installed as Tongsa Penlop. He acceded to the throne at the age of 17, after the late King, His Majesty Jigme Dorji Wangchuk passed away in Nairobi, Kenya, on June 21, 1972. He was formally coronated on June 2, 1974, when Heads of States of neighbouring countries and representatives of numerous friendly countries attended the coronation celebrations.

His Majesty King Jigme Singye Wangchuk is one of the youngest leaders in the world. His Majesty has the distinction of combining in his person a deep love for the kingdom's cultural and natural heritage with an equal appreciation of the need to harness modern science and technology for the kingdom's progress. As a benevolent, hardworking and sagacious leader, His Majesty travels regularly throughout the kingdom to study and ascertain the problems, needs, and aspirations of his people. Whether in Thimphu or on tour, His Majesty is freely accessible to the humblest of his subjects, and he takes personal pains to redress their grievances and to promote their welfare. A strong believer in peoples participation, His Majesty has decentralised the administration in order to involve the people in the decision making process of the country's economic development. His magnanimity is demonstrated in his belief that the Gross National Happiness of the people is as important as the Gross National Product. As a keen conservationist, His Majesty has done much to preserve the kingdom's rich flora and fauna.

His Majesty's reign has been marked by peace, progress, and prosperity within the kingdom, gradually expanding contacts and enhancing cooperation with the outside world in diverse fields.

His father the late King once said, "If I were to say a prayer, I would wish that in my son's lifetime the people of my country become far more prosperous and happy than they are today". Under the benevolent, far-sighted and sagacious leadership of His Majesty Druk Gyalpo Jigme Singye Wangchuk, that wish has certainly been fulfilled.



A typical Bhutanese gateway at Phuntsholing



Harvesting in the fertile Paro Valley



A great Himalayan peak in the remote East Lunana region of northern Bhutan

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