

Gender Dimensions of Trade Facilitation *Evidence from Bhutan*

Background

Bhutan is a country known for its Gross National Happiness (GNH) index and predominantly matriarchal society. For the past few years, Bhutan has been pursuing the idea of establishing “Brand Bhutan” as a strategy to promote Bhutanese goods and services in the international market. However, traditionally the ratio of female entrepreneurs in the export business has remained low.

This is primarily attributed to broader socio-economic inequalities, including lack of knowledge about export standards and procedures, unavailability of financial resources, inadequate training, and capacity building for women among other reasons.

But it has also been observed in the past few years that with the advancement in communication networks, affordable internet, and social media platforms, cross-border trade-related activities performed by women are slowly gathering momentum in entrepreneurship activities.

Socio-economic situations are also changing for women entrepreneurs determined to break the stereotype in Bhutan’s economic system. For example, during field visits by CUTS, it was found that women entrepreneurs in Bhutan were interested in exporting their products overseas.

The aspiration among many young women entrepreneurs of their products finding a prominent market in the US, Europe, Australia, and Asian countries is very high. The women entrepreneurs understand that if their products find sustainable foreign markets in the future, the demand for their product and reputation will grow and revenue would not only improve but also sustain in the long term.

Given these socio-economic challenges in the economy of Bhutan, CUTS International, with the support of UK’s Foreign, Commonwealth and Development Office (FCDO) and in collaboration with Bhutan Media & Communications Institute (BMCI), implemented a project titled “Gender Dimensions of Trade Facilitation: Evidence from Bangladesh, Bhutan, India, and Nepal.”

The main goal of the project was to collect evidence from women-led/managed/owned Micro, Small and Medium Enterprises (MSMEs) to study the gender dimensions of trade facilitation among Bangladesh, Bhutan, India and Nepal.

Methodology

This study is based on: (a) a review of existing literature of women entrepreneurs in Bhutan; and (b) field visits. Visits were undertaken in three important locations – (a) Samdrup Jongkhar, (b) Phuentsholing, and (c) Thimphu. These three

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locations are major trading centres/towns for both domestic and international business in Bhutan, and also represent diverse physical and business environments in Bhutan.

The survey was conducted among 50 women entrepreneurs, 10 women exporters, and 20 other relevant stakeholders, which included customs agents, customs officials, representatives of the chamber of commerce and industry, representatives of the infrastructure/logistics sector, representatives of non-government organisations (NGOs), and policy experts in academic institutions.

Further, three focus group discussions (FGDs) were also conducted at these three locations with women workers, where around 10-12 women workers participated in each FGD. About 125 people in Bhutan were consulted for this study. The study also involved a collection of selected case studies on women entrepreneurs in Bhutan.

Challenges faced by women entrepreneurs

Women entrepreneurs and aspiring exporters in Bhutan face several challenges in their participation in export and import. Despite the production of high-quality goods at competitive prices, they are unable to sell their products in

international markets, even to neighbouring countries like Bangladesh, India, and Nepal. This study identified the following specific challenges:

Meagre modern machinery

A large number of women entrepreneurs lack modern machinery in their units. Many women entrepreneurs are vulnerable to flush and lean seasons, mainly due to their products' specific nature, such as home-made pickle or incense manufacturing cottage units. In this case, an inadequate drying machine is a challenge to produce the product throughout the year.

Limited knowledge about financial products

Limited knowledge regarding the availability of loans, insurance, and other financial instruments creates hurdles for sustaining trade throughout the year for many women entrepreneurs. For example, herbal juice products need insurance cover for transit security in case of pilferages.

Predominance of the cottage and small industries

Traditionally, Bhutan has been a small and mostly closed economy with products being made and consumed locally. Due to small land-holdings, mountainous terrain, suboptimal connectivity, and poor accessibility, until recently, Bhutanese people had low domestic production.

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Hence, most of the products from the cottage and small enterprises are only targeting the local domestic market. However, there is also increasing customer liking for local products to strengthen local enterprises and to support local producers' morale, besides placing their trust in the freshness, purity, and traditional goodness of local products and commodities.

Challenges to scaling and standards

Most of the existing cottage and small-scale enterprises produce their goods using traditional artisanal skills with none or minimum automation. Thus, these enterprises lack efficiency in the manufacturing process, fail to meet quality, safety, and regulatory standards of the products, and fall short in value addition like packaging, branding, and labelling that are pre-requisites to international trade.

Inadequate institutional support for redressing grievances

There is no specific organisation for addressing the women exporters' grievances and addressing queries related to international trade. These can be related to customs such as waiting charges levied by customs, transport charges hiked up or limited day worker permits, or even when expired products are returned by consumers causing losses.

Obstacles to social barriers

Due to traditional and educational factors, women do face the burden of everyday lives, connected to household chores, upbringing children, looking after the sick and elderly, taking care of farms, and often, family businesses simultaneously. All the women entrepreneurs surveyed said sometimes business takes a second priority compared to family responsibilities.

Furthermore, when it comes to outstation travels, the problem becomes grave for women entrepreneurs, especially if women travel alone for promotion, trade, or marketing related activities.

Insufficient training and capacity building

Most of the women entrepreneurs in Bhutan face difficulty in managing the financial aspects of the business. For example, they find it difficult to do proper book-keeping tasks and overall business management affairs, owing to inadequate formal training.

Capacity building in terms of financial management, book-keeping, accounting, profit, and loss calculations is not provided to women entrepreneurs timely and regularly. It was also found that most of the business chambers and industry associations of Bhutan do not have a significant representation of women.



Key Recommendations

Policy Challenges

- Gender-specific components (schemes and incentives) should be included in the trade, industrial, finance, and other economic policies. Policymaking should be a consultative process
- Officials working in institutions such as the forest department, trade and commerce department, banks, insurance firms, customs, and industrial offices need to be sensitised on gender issues
- A grievance redressal cell should be established in principal government offices and propagated widely
- The government could initiate special export promotion schemes for the export of forest and agricultural products, as many women entrepreneurs in Bhutan are engaged in the production of these products

Building Capacities

Focused training and capacity building programmes in local languages need to be organised for women entrepreneurs on:

- Financial management, book-keeping, accounting, and profit loss calculations by government and non-government agencies
- Trade procedures, rules and regulations, formalities and documentation, technical barriers to trade, sanitary and phytosanitary measures
- The use of digital technology, digital platforms, payment gateways, etc. for business promotion of cottage industries
- Quality assurance services, including certification, branding, labelling, packaging & marketing for business promotion

Inclusive Financing

- Implementation of easy and accessible financial schemes for women including provisions for collateral-free loans and discounted interest rates

Gender-sensitive infrastructure

- Affordable public transportation could be promoted for trade purposes. In the case of third-party transportation by trucks, charges should be based on a weight basis as the volume of business is low in most cases
- Providing electricity on subsidised rates, promoting green energy technology like solar driers and cooling chamber and enhancing capacities of entrepreneurs on these technologies and equipment
- Upgradation of infrastructures (testing laboratories, storage facilities, etc.) at border points and adopting gender-sensitive measures such as deploying female staff, separate restrooms, and feeding and childcare facilities at border points and trade centres

Establishing business linkages

- Organising trade fair, exposure trips to international trade fairs and trade-related conferences for women entrepreneurs to develop business linkages and provide subsidies and monetary incentives to participate in such events

With the support of



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