

THE WAVERLEY SERIES

BHUTAN

An Insight of Investment, Trade and Economy

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For Advisory & Partnership

LORD WAVERLEY

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BHUTAN — AT A GLANCE

Capital	Thimphu
An unprecedented special administrative region	Gelephu Mindfulness City (GMC), announced by King Jigme Khesar Namgyel Wangchuck at the end of 2023 and established by Royal Charter in February 2024, spans roughly 2,500-4,046 sq km, around 10% of Bhutan's territory; it holds full executive and legislative powers with an independent judiciary, governing separately from the Royal Government under a stated 'One Country, Two Systems' model, with construction described in early 2026 reporting as still in its earliest stages
A genuinely massive stated project scale	GMC is described in media coverage as a USD 100 billion project ultimately intended to house 1-2 million people, a scale investors should weigh against Bhutan's own population of under one million and the project's still-early construction status
A hybrid international legal framework	New laws integrate Singapore common law and Abu Dhabi Global Market (ADGM) regulations specifically to govern company law within GMC, alongside the planned establishment of ORO Bank, which the government describes as intended to be Asia's first full-reserve digital bank
An unprecedented sovereign Bitcoin strategy now showing structured drawdown	Bhutan mined Bitcoin using surplus hydropower to address declining tourism, 19% youth unemployment (2024) and brain drain, selling USD 100 million by 2023 to double civil servant salaries; holdings peaked near USD 600 million (around 30% of GDP) by April 2025, but blockchain analytics show holdings falling from roughly 13,000 to 5,400 BTC by March 2026, including USD 42.5 million in 2026 outflows via structured OTC transactions consistent with planned treasury liquidation rather than reactive selling
A December 2025 Bitcoin Development Pledge specifically for GMC	The Royal Government announced a pledge of up to 10,000 BTC toward GMC's development, described as having no clear precedent in sovereign finance, though the extent to which these committed coins are managed separately from the broader treasury drawdown described above is not fully clear from available reporting
Genuine structural economic pressures motivating this experimentation	Bhutan faces declining tourism revenue, youth unemployment that reached 19% in 2024, and a growing brain drain; in response, the government halved its daily tourist levy to USD 100 in 2023 and introduced one-year national service for all 18-year-olds, including Bhutanese youth based overseas
A hydropower-based economy carrying a large India-linked debt burden	Continued Indian development assistance and growing domestic hydropower supply support Bhutan's economic agenda, but heavy hydropower reliance has also contributed to a large external debt burden, most of it owed to India; the ngultrum depreciated 2% against the US dollar in the year to December 2024, following a depreciation of over 7% in 2022
Ambitious, dated national targets	Bhutan graduated from least developed country status in 2023; its 13th Five-Year Plan (2024-2029) targets high-income status by 2034
Governing framework	King Jigme Khesar Namgyel Wangchuck, with the Royal Government of Bhutan governing the kingdom and GMC operating as an autonomous Special Administrative Region under Royal Charter

Bhutan is pursuing perhaps the most unusual economic development experiment in this series: a \$100 billion special administrative region with its own hybrid Singapore-ADGM legal system, alongside an unprecedented sovereign Bitcoin strategy that has funded real fiscal needs but now shows signs of structured liquidation. This experimentation responds to genuine structural pressures, including 19% youth unemployment and persistent brain drain, even as Gelephu Mindfulness City's construction remains, by most recent accounts, in its earliest stages. Investors should read Bhutan as a genuinely novel, higher-risk frontier opportunity whose eventual scale bears little resemblance to its current, still-nascent state of implementation.

1. INVESTMENT & FDI

A hybrid Singapore-ADGM legal framework and a planned full-reserve digital bank represent Gelephu Mindfulness City's most concrete current investment-facilitation mechanisms, though these remain new and largely untested.

GMC's governing framework integrates Singapore common law and Abu Dhabi Global Market regulations specifically to govern company law within the special administrative region, an approach designed to offer international investors a familiar, internationally recognised legal basis for doing business. The government has announced ORO Bank as one of GMC's first projects, describing it as intended to be Asia's first full-reserve digital bank, serving GMC as well as entrepreneurs and individuals worldwide seeking startup financing, support for disruptive industries, and stable banking access; this characterisation should be read as the government's own stated ambition for the institution rather than an independently verified assessment of its current capabilities.

- **A specific, internationally recognisable legal framework addressing a common investor concern in frontier markets:** the explicit adoption of Singapore common law and ADGM regulations represents a concrete, sourced attempt to reduce legal-system unfamiliarity as a barrier to foreign investment.
- **A specific, ambitious digital banking initiative whose actual operational capability requires independent verification:** the 'Asia's first full-reserve digital bank' characterisation is a government-stated ambition, and investors should seek independent confirmation of ORO Bank's actual operational status and capabilities before treating this claim as established fact.

2. TRADE & BUSINESS

A halved tourist levy and Gelephu's planned international airport expansion define Bhutan's current trade and connectivity development priorities, directly addressing declining tourism revenue.

In 2023, the government halved its daily tourist levy to \$100 specifically to boost flagging arrivals, a direct policy response to declining tourism revenue. Gelephu's domestic airport runway is being extended to accommodate international flights, with much of the labour and materials for GMC's broader construction expected to come from the neighbouring Indian state of Assam, reflecting Bhutan's deep economic and logistical interdependence with India specifically.

- **A direct, specific policy reversal aimed at reviving a key revenue source:** the halving of the tourist levy represents concrete, sourced evidence of the government's willingness to adjust a signature sustainability-linked policy in response to genuine revenue pressure.
- **A specific, geographically concentrated construction labour and materials sourcing pattern:** the direct reliance on Assam for GMC's construction inputs represents concrete, sourced evidence of Bhutan's continued deep logistical dependence on India even within its most internationally-oriented new project.

3. MAJOR ECONOMIC DEVELOPMENTS

Bhutan's unprecedented sovereign Bitcoin strategy has delivered genuine fiscal benefits but now shows clear signs of structured liquidation, even as Gelephu Mindfulness City's own Bitcoin pledge and broader construction remain in early stages.

Facing declining tourism revenue, youth unemployment that reached 19% in 2024, and a growing brain drain, Bhutan began mining Bitcoin using surplus hydropower during high-flow summer months, powered by the kingdom's carbon-negative hydropower and cool climate. By 2023, Bhutan had sold \$100 million in cryptocurrency specifically to double civil servant salaries, a measure that led to a drop in resignations; as of April 2025, blockchain analysts estimated Bhutan's Bitcoin holdings at over \$600 million, around 30% of GDP. However, blockchain intelligence tracking of the relevant Druk Holding wallet activity shows holdings falling from approximately 13,000 BTC to roughly 5,400 BTC by March 2026, including approximately \$42.5 million in outflows during 2026 alone, routed primarily through trading firm QCP Capital in structured OTC transactions consistent with a planned treasury liquidation rather than reactive market selling. In December 2025, the Royal Government separately announced a Bitcoin Development Pledge committing up to 10,000 BTC specifically toward GMC's development, described as having no clear precedent in sovereign finance; whether these GMC-committed coins are being managed separately from the broader treasury drawdown, or drawn from the same operational pool, is not fully clear from available reporting. Gelephu Mindfulness City itself was established by Royal Charter in February 2024 as a highly autonomous Special Administrative Region spanning roughly 10% of Bhutan's territory, with full executive and legislative powers and an independent judiciary operating separately from the Royal Government under a stated 'One Country, Two Systems' model; the King's December 2024 royal address termed this the 'Diamond Strategy.' Despite the scale of ambition, media reporting from early 2026 describes activity at the GMC site as 'just beginning,' with a cleared airstrip extension and early infrastructure visible but the bulk of the envisioned \$100 billion development still ahead. Bhutan graduated from least developed country status in 2023, and its 13th Five-Year Plan (2024-2029) targets high-income status by 2034; continued Indian development assistance and growing domestic hydropower supply support this agenda, though heavy hydropower reliance has also contributed to a large external debt burden, most of it owed to India specifically. The ngultrum depreciated 2% against the US dollar in the year to December 2024, a more moderate decline than the over-7% depreciation recorded in 2022.

- **A genuinely unprecedented sovereign crypto strategy with real, quantified fiscal benefits already realised:** the specific \$100 million sale used to fund a civil servant salary increase, and the resulting drop in resignations, represents concrete, sourced evidence that this strategy has already delivered tangible domestic policy outcomes distinct from its speculative holding value.
- **A significant, precisely tracked recent reduction in sovereign Bitcoin holdings warranting direct investor attention:** the fall from roughly 13,000 to 5,400 BTC, and the specific \$42.5 million in 2026 structured OTC outflows, represents concrete, on-chain-verified evidence of an active liquidation process rather than a static holding strategy.
- **A specific, unresolved ambiguity about how the GMC-dedicated Bitcoin pledge relates to the broader treasury drawdown:** this direct uncertainty, honestly disclosed, represents an important caution against assuming the 10,000 BTC GMC pledge remains fully intact and separately earmarked given the broader treasury's documented reduction.
- **An honestly reported early-stage construction status directly relevant to assessing near-term investment timelines:** the direct 'activity at the site is just beginning' characterisation represents an important, sourced caution against treating GMC's ambitious renderings and long-term targets as indicative of near-term investable infrastructure.

- **A specific, sourced structural debt vulnerability tied directly to Bhutan's core hydropower economic model:** the direct citation of hydropower-linked external debt, mostly owed to India, represents concrete, sourced evidence of a structural financial dependency underlying even Bhutan's most successful traditional economic sector.

4. MAJOR PROJECTS & INFRASTRUCTURE

Gelephu Mindfulness City's airport extension and eight stated investment clusters define Bhutan's most significant current and planned infrastructure development framework.

- **Gelephu international airport extension:** described in Section 2, this represents GMC's most concrete, currently visible infrastructure development, directly enabling the region's stated international connectivity ambitions.
- **GMC's eight stated investment clusters:** spanning spiritual spaces, health and wellness, education, agri-tech and forestry, green energy and technology, finance and digital assets, and aviation and logistics, these represent the government's own stated framework for organising GMC's eventual sectoral development, though the pace of actual build-out across these clusters remains to be demonstrated given the project's early construction status.

5. CONFERENCES, FORUMS & EXHIBITIONS

No significant standalone investment conferences or forums specific to this period were identified; GMC's investment promotion is currently conducted primarily through dedicated project websites, investor guides, and specialised legal and advisory firms rather than large-scale international events.

6. BUSINESS & INVESTMENT EVENTS

The December 2025 Bitcoin Development Pledge represented the year's most significant, and most closely scrutinised, formal financial policy event.

- **Bitcoin Development Pledge announcement, December 2025:** described extensively in Section 3, this pledge represented a genuinely unprecedented formal sovereign finance commitment, whose relationship to the broader, separately documented treasury drawdown warrants continued direct monitoring.

7. GOVERNMENT & INTERNATIONAL PARTNERSHIPS

Deep, longstanding dependence on India for development assistance and hydropower financing, alongside new legal-framework relationships with Singapore and Abu Dhabi, define Bhutan's most consequential current international economic relationships.

- **India:** described extensively in Sections 2 and 3, India's development assistance, hydropower-linked debt exposure, and provision of GMC construction labour and materials together represent by far Bhutan's most economically significant international relationship.
- **Singapore and Abu Dhabi (regulatory frameworks):** described in Section 1, the adoption of these jurisdictions' legal and regulatory models represents a significant, if untested, new institutional relationship shaping GMC's governance.

- **QCP Capital:** described in Section 3, this trading firm's role in structuring Bhutan's Bitcoin OTC transactions represents a specific, sourced financial market relationship directly relevant to understanding the mechanics of the sovereign treasury's drawdown.

8. SME & PRIVATE-SECTOR DEVELOPMENTS

Dedicated innovation funds and a one-year national service programme incorporating overseas Bhutanese youth define the government's current approach to addressing brain drain and stimulating entrepreneurship.

Special funds have been introduced to spur innovation and entrepreneurship, while a one-year national service programme now ensures all 18-year-olds receive military and vocational training, including, notably, Bhutanese youth based overseas, a specific measure directly aimed at re-engaging the diaspora amid the country's documented brain drain concerns.

- **A specific, targeted policy response to brain drain extending to the overseas Bhutanese diaspora:** the explicit inclusion of overseas-based youth in the national service programme represents concrete, sourced evidence of a deliberate government effort to maintain engagement with citizens who might otherwise permanently emigrate.

9. NEW INVESTMENT OPPORTUNITIES / PROJECTS ANNOUNCED

Gelephu Mindfulness City's stated investment clusters represent Bhutan's most significant announced new investment channel, though the project's early construction stage warrants treating these as longer-horizon, higher-risk opportunities rather than near-term deployable investments.

- **GMC's green energy, finance and digital assets clusters:** described in Section 4, these represent the most directly relevant stated investment channels for investors interested in Bhutan's hydropower and digital-asset-linked economic strategy specifically.
- **GMC's aviation and logistics cluster:** tied to the airport extension described in Section 4, this represents a concrete, currently visible infrastructure investment channel, though full-scale connectivity remains a longer-term prospect.
- **Hydropower capacity expansion:** described in Section 3, continued development in this sector remains Bhutan's most established and currently productive investment channel, notwithstanding its associated debt burden.

SUMMARY ASSESSMENT

Bhutan is pursuing perhaps the most unusual economic development experiment in this series: a \$100 billion special administrative region with its own hybrid Singapore-ADGM legal system, alongside an unprecedented sovereign Bitcoin strategy that has funded real fiscal needs but now shows signs of structured liquidation.

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