

Skilled-labor emigration and remittance increase in Bhutan: A CGE based analysis

Bhutan has experienced a significant increase in emigration in recent years. However, due to a lack of research on the subject, the effects of labor emigration and remittance inflows in Bhutan are unclear and sometimes controversial. This study aims to address this gap by examining the economic and welfare implications of skilled-labor emigration and remittances shocks in Bhutan using a computable general equilibrium (CGE) modeling approach. The study findings reveal that a 10 percent increase in skilled-labor outmigration negatively impacts sectoral output, exports, domestic sales, imports, and consumer welfare. When emigration is combined with a rise in remittance inflows, Bhutan's economic scenario worsens, although there is a slight improvement in consumer welfare. Based on these results, the study recommends several national policy options to reduce emigration or mitigate the adverse consequences of emigration and remittances on the economy.