

# Overview of the manufacturing sector in Bahrain

Indian Embassy

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**ac** Assure Consulting



# OVERVIEW OF THE MANUFACTURING SECTOR IN BAHRAIN

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# BAHRAIN MANUFACTURING SECTOR STUDY

## STUDY OBJECTIVE

This study has been ordered by the Embassy of India in Bahrain.

The main objective of the report is to provide “a descriptive market study designed to develop a better understanding of the manufacturing sector in Bahrain.”

## SCOPE DIVISION

This descriptive study is on the manufacturing sector of Bahrain and focuses on the comparison of its manufacturing sector with that of the Gulf Cooperation Council (GCC), as well as globally. The proposal from the Indian Embassy mentioned ten points to be covered in the report, which have been segmented into four parts as mentioned below:

**Part A - Sector Overview:** Analyzes the overall manufacturing sector in Bahrain, the major markets, the major industries, and the import dependencies.

1. An overview of the manufacturing sector in the Kingdom of Bahrain
2. Major industries in manufacturing sectors in Bahrain
3. Major markets for Bahrain’s manufacturing sector
4. Country dependency on import of raw materials resources and sourcing

**Part B - Sector competitiveness:** Establishes the reasons for Bahrain as a destination for manufacturing and analyze the manufacturing sector’s impact on the global supply chain.

5. Bahrain as a destination for manufacturing - factors such as global competitiveness, infrastructure, location, availability of land, labour, capital, technology & market
6. Analysis of Bahraini manufacturing sector as part of global supply chain

**Part C - Regulatory impact:** Assesses the influence of regulations, duties, and tariffs on the sector, and alignment with the initiatives and strategies announced by the Bahraini Government.

7. Tariff, duty & other regulatory issues with reference to manufacturing sector in Bahrain
8. Initiatives and strategies of the Government of Bahrain for manufacturing sector with special focus on Economic Vision plan 2030 & Industrial Diversification strategies 2022-2026

**Part D - India & Bahrain collaboration:** Analyzes potential advantages of Indian companies doing business in Bahrain, and Bahrain companies doing business in India, and present trade and economic collaboration between the countries.

9. Specific advantages for Bahrain to do business with Indian manufacturing companies highlighting competitiveness and quality of Indian manufacturing sector and the comparative advantage of Bahraini manufacturing companies over Indian companies
10. Present trade & economic collaboration between India & Bahrain in this sector & possibilities of further expanding the same

## **RESEARCH METHODOLOGY**

The study is aimed at describing and evaluating the characteristics of the manufacturing sector of Bahrain through qualitative and quantitative data, research, and findings. The sources of quantitative data have been mentioned.

## LIST OF ABBREVIATIONS

Abbreviation	Full form	Brief
AFS	Arab Financial Services	AFS is a provider of electronic payments outsourcing services in the MENA region.
AI	Artificial Intelligence	AI is the ability of a digital computer or computer-controlled robot to perform tasks associated with intelligent beings.
ALBA	Aluminium Bahrain B.S.C	ALBA is the first aluminium smelter in the Middle East.
AWS	Amazon Web Services	AWS provides on-demand cloud computing platforms to individuals, companies and governments on a metered, pay-as-you-go basis.
BAFCO	Bahrain Aviation Fuel Company	BAFCO is the organisation responsible for aviation refuelling operations in Bahrain.
BAPCO	Bahrain Petroleum Company	BAPCO is an integrated national oil company of Bahrain.
BCCI	Bahrain Chamber of Commerce and Industry	The BCCI shapes Bahrain's economy and empowers the country towards economic development.
BDB	Bahrain Development Bank	The BDB is focused on the financing and development of small and medium businesses in Bahrain.
BFG	Bahrain Fiberglass	BFG is a manufacturer of FRP composites
BHB	Bahrain Bourse	The BHB is a self regulated stock exchange and is also known as Bahrain Stock Exchange.
BHD	Bahraini Dinar	BHD is the national currency of Bahrain. Exchange rate of the BHD is pegged to the US dollar at US\$ 1 = BHD 0.376 <sup>1</sup> .
BIA	Bahrain International Airport	BIA is the international airport of Bahrain.
BIIP	Bahrain International Investment Park	BIIP is a strategic site to attract multinationals to locate manufacturing and professional services in Bahrain.

<sup>1</sup> [CBB: Exchange rates \(2023\)](#)

BIM	Bahrain Investment Market	The BIM is a market for fast-growing SMEs to obtain capital for growth and expansion.
BIS	Bahrain India Society	The BIS was formed in 2008 to contribute to the development and strengthening of the relationship between the countries in a non-discriminatory, non-political and non-profit making manner.
BISB	Bahrain Islamic Bank	BISB is the first Islamic bank in Bahrain.
BLZ	Bahrain Logistics Zone	BLZ is Bahrain's first boutique logistics park.
BSMES	Bahrain Small and Medium Enterprises Society	The BSME develops the MSME sector in Bahrain.
BTMD	Bahrain Testing and Metrology Directorate	The BTMD is the national standardization body of Bahrain.
CAGR	Compound Annual Growth Rate	CAGR is the measure of an investment's annual growth rate over time, with the effect of compounding.
CET	Common External Tariff	CET is a tax applied to imported goods by a group of countries that have formed a customs union.
DTAA	Double Taxation Avoidance Agreement	DTAA is an agreement between two or more countries to avoid international double taxation of income and property.
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortisation	EBITDA is the metric used to evaluate a company's operating performance and is a loose proxy for cash flow.
EDB	Economic Development Board	A public agency responsible for attracting investment into Bahrain.
ESG	Environment practices, Social contributions and Governance	A framework used to assess an organisation's sustainability and ethical issues.
EWA	Electricity & Water Authority (Bahrain)	EWA is the authority that provides electricity and water supply in Bahrain.
FCC	Falcon Cement Company	FCC is the largest and only integrated cement producer in Bahrain.
FDI	Foreign Direct Investment	FDI is the purchase of an interest in a



		company by an investor located in another country.
FMCG	Fast Moving Consumer Goods	FMCG products sell quickly at a relatively low cost.
FTA	Free Trade Agreement	FTA is an agreement between two or more countries on certain obligations that affect trade in goods and services.
GARMCO	Gulf Aluminium Rolling Mill	GARMCO specializes in the production of high-quality aluminium products in Bahrain.
GCC	Gulf Cooperation Council	The economic union comprises Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates.
GDP	Gross Domestic Product	GDP measures the monetary value of final goods and services produced in a country.
GPIC	Gulf Petrochemical Industries Company	GPIC is the only petrochemical producing company headquartered in Bahrain.
GULFPLAS	Gulf Plastic Industries Limited	GULFPLAS is a thermo-plastic processing and manufacturing company in Bahrain.
GVA	Gross Value Added	GVA is the measure of the value of goods and services produced in an area, industry or sector of an economy.
ICT	Information & Communication Technology	ICT is a diverse set of technological tools, and resources used to transmit, create, store, share or exchange information.
IGA	Information & eGovernment Authority	The IGA provides information to investors in order to support decision making, creativity and innovation in Bahrain.
IMF	International Monetary Fund	The IMF monitors the international monetary system and global economic developments.
IoT	Internet of Things	IoT are the physical objects with sensors, processing ability, software and other technologies that connect and exchange data with systems over the internet.
IPO	Initial Public Offering	IPO is the process of offering shares of a private corporation to the public in a new

		stock issuance for the first time.
KFH	Kuwait Financial House	KFH is the first bank operating in accordance with the Islamic Shari'a rulings.
LMRA	Labour Market Regulatory Authority	The LMRA develops the national labour plans and regulates the labour market in Bahrain.
LPG	Liquified Petroleum Gas	LPG is a fuel gas containing a flammable mixture of hydrocarbon gases.
MENA	Middle East and North Africa	MENA is a group of countries situated in the Middle East and North Africa.
MLSD	Ministry of Labour and Social Development	The MLSD provides distinguished labour services to beneficiaries through programs, initiatives, and partnerships.
MOIC	Ministry of Industry and Commerce	The MOIC focuses on leading economic, education and training sectors in Bahrain.
MOFA	Ministry of Foreign Affairs	The MOFA is responsible for coordinating and implementing all matters related to Bahrain's foreign policy.
MOFNE	Ministry of Finance and National Economy	The Ministry responsible for formulating and implementing the financial policies of Bahrain.
MOO	Ministry of Oil and Environment	The MOO is in charge of regulation, oversight and development of the oil and gas industries in Bahrain.
MOTT	Ministry of Transportation and Telecommunications	The government body responsible for the development and regulation of Bahrain's transportation and telecommunications infrastructure.
MT	Metric Tonnes	MT is a unit of mass equal to 1,000 kilograms.
NBB	National Bank of Bahrain	NBB is Bahrain's first locally owned bank.
NEEAP	National Energy Efficiency Action Plan	NEEAP is the plan that sets out initiatives to improve Bahrain's energy efficiency.
NHRA	National Health Regulatory Authority	The role of NHRA is to regulate the provision of healthcare in Bahrain.

NPRA	Nationality, Passports & Residence Affairs	The organisation responsible for managing the borders of Bahrain.
NREAP	National Renewable Energy Action Plan	NREAP is a detailed report outlining commitments and initiatives to develop renewable energy.
NSSA	National Space Science Agency	NSSA is a Bahraini government entity responsible for the space science program.
PLI	Production Linked Incentive	It is a scheme that aims to give companies incentives on incremental sales from products manufactured in domestic units.
SEA	Sustainable Energy Authority (Bahrain)	SEA is the entity mandated to lead and promote renewable energy and energy efficiency technologies in Bahrain.
SDB	SMEs Development Board	The SDB helps strengthen startups and the SMEs capacities to boost competitiveness in various markets.
SDGs	Sustainable Development Goals	SDGs are a collection of objectives to end poverty, protect the planet and ensure peace and prosperity.
SME	Small and Medium sized Enterprises	SMEs are businesses whose personnel are less than 100 and annual revenue is less than BHD 3 million <sup>2</sup> .
TJ	Tera Joules	TJ is a unit of energy where one TJ is equal to one trillion joules.
UNESCO	United Nations Educational, Scientific and Cultural Organization	UNESCO is a specialised agency aimed at promoting world peace and security.
UOB	University of Bahrain	UOB is the national university of Bahrain.
VAT	Value Added Tax	VAT is a consumption tax on goods and services that is levied at each stage of the supply chain.
WIPO	World Intellectual Property Organization	WIPO is the global forum for intellectual property policy, services, and information.

<sup>2</sup> [MOIC: SME definition in Bahrain \(2023\)](#)

## EXECUTIVE SUMMARY

### Sector A: Overview of the manufacturing sector in Bahrain

Bahrain, an archipelago comprising 33 islands, is situated in the Arabian Gulf, positioned between Saudi Arabia and Qatar. Encompassing an area of 780km<sup>2</sup>, this country is home to the capital city of Manama, celebrated for its cultural marvels and tourist attractions. Bahrain takes pride in its multicultural character and hospitable stance toward individuals from around the globe, offering an affordable cost of living along with excellent educational and healthcare facilities. With a population of 1.864 million as of 2023, Bahrain has long been governed by the House of Khalifa. The King Fahd Causeway serves as the connecting bridge between Bahrain and Saudi Arabia.

Bahrain has a manufacturing sector that continues to expand across various industries. This sector holds the distinction of being the second-largest contributor to the non-oil Gross Domestic Product (GDP), following closely behind financial services. Additionally, it stands as the third-largest private sector employer, accounting for 11% of the total workforce. In 2022, Bahrain's GDP reached an impressive value of US\$ 43.54 billion, exhibiting a growth rate of 3.4% compared to the previous year. The manufacturing industry in Bahrain encompasses a wide range of significant sectors, including coke and refined petroleum, rubber and plastic, metals, transportation equipment, fast-moving consumer goods, electronics, chemicals, tobacco, pharmaceuticals, paper, industrial equipment, furniture, building materials, and textiles.

Aluminium Bahrain B.S.C (ALBA) holds the notable position of being the seventh largest global producer of aluminium and the second largest in the Middle East. It holds the distinction of being the first aluminium smelter established in the region and operates as the second largest single-site aluminium smelter globally, with the exception of China. The establishment of ALBA played a crucial role in Bahrain's strategy for economic diversification, aiming to reduce its dependence on oil. The company makes a substantial contribution of 12% to Bahrain's GDP. ALBA imports aluminium oxide from various countries, including Brazil, Saudi Arabia, China, and Italy. GARMCO operates as the first dedicated downstream facility for rolling, cutting, and fabricating aluminium in the Middle East. In terms of oil production, Bahrain ranks 36th globally and seventh in the Middle East and North Africa. The Bahrain Petroleum Company (BAPCO) significantly contributes to Bahrain's GDP. Bahrain Steel stands as a prominent producer and supplier of high-grade iron ore pellets worldwide. In 2021, Bahrain Steel's exports accounted for 25% of the country's total. The company sources iron ore raw material from countries like Brazil, Chile, Canada, and Europe, importing approximately 13.7 million wet metric tonnes of iron ore annually. The Gulf Petrochemical Industries Co. injects around US\$ 271 million annually into Bahrain's economy. BASF Plastic Additives Middle East W.L.L holds the leading position as a supplier and manufacturer of plastic additives in Bahrain. Mondelez Bahrain Biscuits, a multinational corporation, has established a manufacturing facility in Bahrain, producing 45,000 tonnes annually. Awal Dairy Company, the first dairy company in Bahrain, stands as a leading company in the Middle East. Arla Foods, a multinational cooperative, operates in Bahrain and produces 80,000 tonnes of dairy products each year. Al Zain Jewellery, a Bahraini company,

enjoys recognition as a top designer, manufacturer, and retailer of luxury and affordable diamond and gold jewellery. Additionally, the Devji Group, a well-established jewellery manufacturer, caters to diverse cultures. Falcon Cement Company serves as Bahrain's sole integrated cement producer, manufacturing 3,400 tonnes per day. UltraTech Cement Limited, located in the Hidd industrial area, represents the cement flagship company of the Aditya Birla Group. Bahrain engages in imports of refined petroleum products, food, beverages, tobacco, machinery, pharmaceutical medicaments, rubber, and plastic from various countries such as Saudi Arabia, UAE, China, US, Turkey, India, and Oman.

Bahrain possesses a comparatively youthful population, with a notable proportion falling within the age range of 25 to 39 years. The urban population accounts for approximately 90% of the total population, with the majority residing in cities and towns, while the remaining populace inhabits rural areas. This country embraces a diverse society characterized by a blend of ethnic and cultural groups, primarily comprising Bahrainis and individuals of Asian descent.

The retail market in Bahrain was valued at US\$ 5.8 billion in 2019. Small and medium-sized enterprises (SMEs) play a significant role in the economy as they employ a considerable workforce and outnumber larger corporations. To effectively monitor initiatives prioritized across five strategic themes namely access to finance, access to markets, business environment optimization, skill development, and innovation promotion, an integrated tasks plan has been established for the period of 2022 to 2026. Bahrain Development Bank specializes in tailoring financial solutions to meet the specific needs of entrepreneurs and SMEs. These solutions encompass various offerings, such as loans, equity investments, and guarantees. The bank places particular emphasis on supporting key sectors that play a vital role in Bahrain's economy, such as manufacturing, services, and technology-driven industries.

## **Sector B: Bahrain as a destination for manufacturing**

In recent years, the manufacturing sector at the global level has witnessed significant changes owing to technological advancements, shifting global supply chains, and intensifying competition. Prominent countries engaged in manufacturing encompass China, US, Japan, Germany, South Korea, and India. In response to the volatile oil market, Gulf states have launched economic transformation programs with the objective of diversifying their revenue sources beyond hydrocarbons.

### **Factors of production**

Bahrain is divided into four governorates, namely Northern, Southern, Capital, and Muharraq, each with designated areas for industries and manufacturers. These include Al Mazara'a Industrial Park, Sitra Industrial Park, Ma'ameer Industrial Park, Mina Salman Industrial Park, Hafeera Industrial Park, Al-Lhaasay Industrial Park, and Salman Industrial City, which comprises the Hidd Industrial Area and the Bahrain International Investment Park (BIIP). Additionally, Bahrain is home to three major Free Trade Zones namely Bahrain Logistics Zone, Bahrain International Investment Park, and Bahrain International Airport. A notable advantage is

Bahrain's low industrial land lease rates, and allows 100% foreign ownership in industrial manufacturing, and distribution without restrictions within free zones.

Bahrain's geographical location in the middle of the Arabian Gulf provides convenient access to the GCC market through road, air, and sea transportation, supported by advanced and interconnected infrastructure. Saudi Arabia, the largest economy in the region, is just a 47-minute drive away via the King Fahd Causeway. The Khalifa Bin Salman Port serves as Bahrain's primary commercial port. Additionally, the country has an international airport that facilitates air connectivity with numerous countries. Bahrain offers an easy and cost-efficient entry point to the growing GCC market, projected to become the world's sixth-largest combined market by 2030.

The country benefits from a skilled and bilingual local workforce, with 90% of the population considered well-educated. Moreover, Bahrain is home to around 650,000 expatriates, predominantly from India, with smaller populations from countries such as Bangladesh, Sri Lanka, Pakistan, the Philippines, and Indonesia. The average cost of manpower for manufacturing companies in Bahrain is lower when compared to other GCC countries. Visa-on-arrival access is granted to 209 countries, including India, the Philippines, Brazil, and Australia. Bahrain also imposes a 20-25% localization requirement for the workforce, depending on the industry. As the first country in the Gulf to liberalize its telecommunications sector, Bahrain has adopted a nationwide 'cloud first' policy, leveraging information and communications technology opportunities. Furthermore, Bahrain is actively developing sectors such as FinTech, open banking, AI, IoT, robotics, smart cities, and blockchain technology.

Bahrain allows unrestricted repatriation of capital, profits, and dividends, without any exchange control restrictions. Both expatriates and resident expatriates can purchase freehold property in specific areas of Bahrain. The country has Free Trade Agreements with 22 countries, including GAFTA, GCC FTA, and US FTA. Indian businesses, especially those specializing in sectors that align with the US-Bahrain trade, have the potential to engage in these supply chains by serving as suppliers, subcontractors, or service providers. It also has Investment Protection & Promotion Agreements with 34 countries and Double Taxation Avoidance Agreements with 41 countries. Bahrain's primary trading partners include China, UAE, Saudi Arabia, the US, Australia, Japan, and India. The national stock exchange of Bahrain is Bahrain Bourse, which features an SME listing platform known as the Bahrain Investment Market.

## **Sector C: Tariff, duty and other regulatory issues of the manufacturing sector in Bahrain**

The majority of goods imported into Bahrain are subject to a Common External Tariff (CET) of 5%, unless they originate from GCC countries or fall under international trade commitments or bilateral agreements. However, specific goods like paper and aluminium incur a higher duty rate of 20% upon importation. The Bahraini Government prohibits the domestic production of alcohol and tobacco, leading to the imposition of significant customs duties on non-GCC imported

alcoholic beverages (125%) and tobacco products (100%). Currently, Bahrain applies a corporate tax rate of 46% to companies involved in hydrocarbon exploration, production, or refining. The value-added tax (VAT) rate in Bahrain is 10%. If a manufacturing business in Bahrain produces both taxable and exempt supplies, it has the right to seek input tax credits for the VAT paid on its inputs or expenses.

Bahrain faces a significant challenge regarding its energy consumption, which is one of the highest per capita worldwide. To address this issue, the country has implemented the Energy Efficiency Implementation Program aimed at reducing energy demand and promoting efficiency. The Economic Vision represents an economic strategy aimed at attracting domestic and international enterprises to Bahrain. In pursuit of this objective, the Economic Development Board prioritizes the promotion of investment in five strategic sectors namely financial services, manufacturing, logistics, tourism, and information and communications technology. Bahrain has made notable progress in the United Nations Sustainable Development Goals (SDGs), holding a rank of 102 out of 163 countries on the SDG Index as of 2022. The SDGs will be tackled by reducing trade restrictions and distortions in global agricultural markets, providing support to research and develop vaccines and medicines and to make them affordable, and enhancing the availability of financial services to SMEs and other enterprises.

The aim of the Economic Recovery Plan is to enhance the role of the production and services sector in the overall GDP, generate new employment opportunities, and boost exports of national origin products. The Industrial Sector Strategy is built upon five key pillars, which encompass the promotion of local industries, investment in infrastructure, enhancement of the investor experience, provision of career guidance for Bahraini citizens, and the updating of relevant legislations. These strategic goals are supported by embracing the principles of the "Fourth Industrial Revolution," implementing the "Circular Carbon Economy," attracting investments in digitalization, and improving regional supply chains. To measure the success of these efforts, three primary performance indicators have been identified. These include increasing the percentage of employed Bahrainis to 25.3%, raising the contribution of the industrial sector to the GDP to US\$ 6.66 billion, and boosting the industrial sector's share of overall exports to 80.1%, totaling US\$ 6.58 billion by the year 2026.

Labour Support Fund (Tamkeen) facilitates the establishment and growth of enterprises by offering support to enhance the productivity and development of both businesses and individuals. Moreover, the Labour Support Fund (Tamkeen) allocates grants to foreign investors considering multiple factors, including industry selection, export potential, Bahrainization rate, salary levels, training plans, and technology adoption. The EDB holds the overarching responsibility of attracting investment into the country and actively supports initiatives that improve Bahrain's economy. The EDB team offers assistance with registration and licensing guidance, legal and regulatory support, market opportunity advisory tailored to specific needs, access to detailed resources and metrics, establishing valuable connections, and finding suitable locations for every business. Bahrain has introduced the Golden License program as an incentive for both foreign and local businesses, offering streamlined services to facilitate large-scale investment projects. Additionally, the "Made in Bahrain" initiative has been

implemented to enhance the visibility and promotion of domestic exports and services in global markets.

## **Sector D: India and Bahrain collaboration**

Bahrain has a longstanding appreciation for the Indian market, tracing back to ancient times when Bahraini traders exchanged pearls for Indian spices. In the present day, Bahrain continues to import a diverse array of products from India, encompassing machinery, plastics, cereals, mineral fuels, meat products, electrical machinery, iron or steel, and vehicles. The presence of the Indian business community in Bahrain is substantial, with 38 Indian commercial agencies, 32 branches of prominent Indian companies. The primary goals of the MOU between Bahrain India Society and Confederation of Indian Industry are to actively encourage investments and collaborations, facilitate the exchange of business delegations, and foster cooperation in promoting trade fairs and exhibitions in both nations.

India has the potential to become a global manufacturing hub and could contribute over US\$ 500 billion annually to the global economy by 2030. The country possesses a drug manufacturing sector that specializes in the production of low-cost generic patented drugs and provides end-to-end manufacturing solutions. Additionally, the Indian chemical industry encompasses over 80,000 commercial products. The fast-moving consumer goods sector in India is expanding due to an increase in disposable income, a growing young population, and heightened brand awareness among consumers. The country's position in the global heavy vehicles market encompasses products such as tractors, buses, and heavy trucks. India's renewable energy sector encompasses wind power, solar power, and installed renewable power capacity.

Bahrain has established itself as a progressive nation, leveraging its oil revenue to acquire resources necessary for its manufacturing sector and overcome its lack of natural resources. The government has implemented a range of strategies, programs, and incentives to attract foreign investors, which has led to the manufacturing sector becoming a key driver of the country's economic growth. Additionally, Bahrain has created an attractive ecosystem for both work and leisure, resulting in the country attracting top talent and aiding in its economic diversification plans.

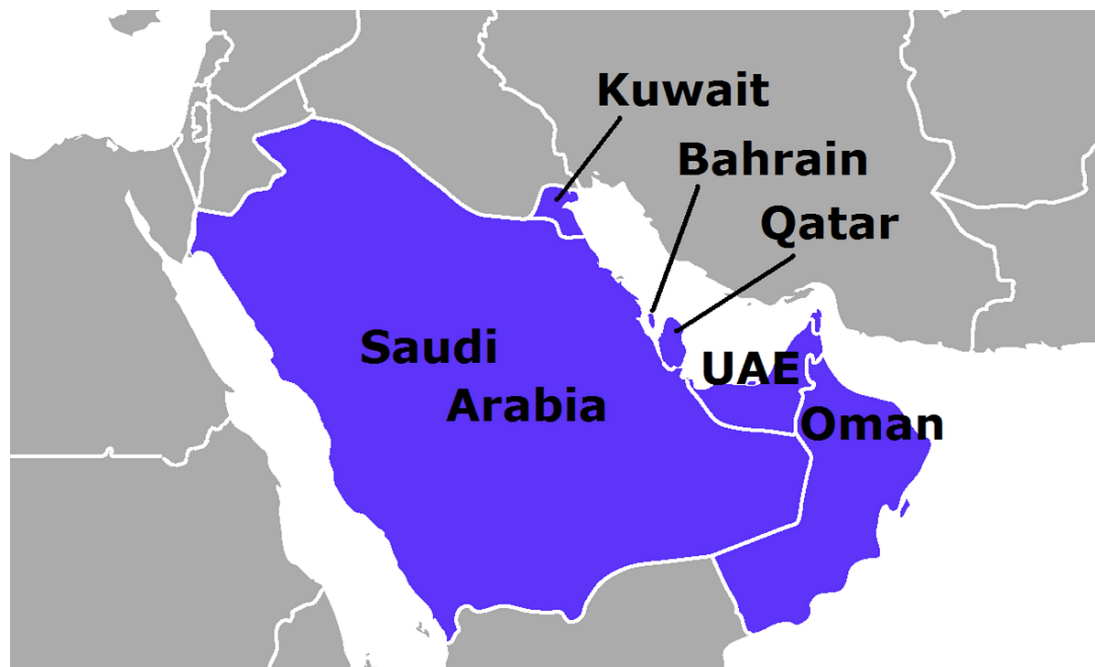


## SECTOR A: OVERVIEW OF THE MANUFACTURING SECTOR IN BAHRAIN

### Introduction

The Kingdom of Bahrain is an archipelago made up of 33 islands located in the Arabian Gulf between the Kingdom of Saudi Arabia and Qatar, with a total area of 780km<sup>2</sup>.<sup>3</sup> Manama is the largest city and the capital of Bahrain, enjoying a distinct reputation as a tourist and cultural hub. It is a country that prides itself on being a thriving multi-cultural hub that welcomes people from all around the world with its tolerant attitudes, low cost of living, and abundance of educational and health facilities. The population of Bahrain is smaller compared to the GCC and is 1.884 million as of 2023<sup>4</sup>. The earliest human settlement on Bahrain's island dates back almost 4,000 years and was inhabited by a series of different civilizations, starting with Dilmun, Tylos, and the Islamic period. The country is known for being an island with a subtropical climate, desert vegetation, sand, date palms, and camels. The House of Khalifa has been the ruling family for decades. It is home to the Bahrain International Circuit for Formula One racing, the Hawar and Amwaj Islands, the Bahrain World Trade Center, and a huge number of historical sites. Bahrain is connected to Saudi Arabia through the King Fahd Causeway, located in the west of Bahrain. The number of visitors from Saudi Arabia accounts for 88% of the total visitors and promotes the ever-growing tourism sector of the country.

### Location of the GCC countries



Source: Wikipedia

<sup>3</sup> [Bahrain Authority for Culture & Antiquities: About the Kingdom of Bahrain](#)

<sup>4</sup> [Worldometers: Bahrain Population: 2023](#)

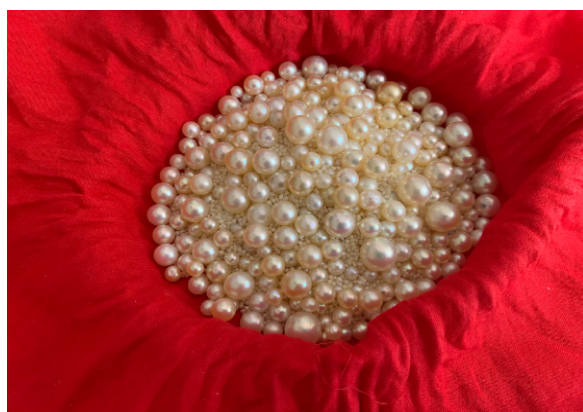
## Main areas of Bahrain



Source: Google Maps

## History of manufacturing in Bahrain

The pre-oil era in Bahrain saw most of its population indulge in pearling, fishing, trading, dhow building, handicrafts, and pottery. The pearl fisheries of Tylos have long held legendary status for their purity, brilliance, and stunning beauty. The pearls are known as Natural Arabian Gulf Pearls, famous for their high lustre and ranging in colour from white to yellow. Bahrain's pearling trail is now officially recognized by UNESCO on its world heritage list and this site represents a time when pearling was the foremost part of the country's economy. The waters surrounding Bahrain traditionally have been rich in more than 200 varieties of fish. Several traditional fishing methods are still used, such as catching fish in Hadra wooden traps. The oldest and only dhow building yard is located in Muharraq, which traditionally made dhows for pearling and fishing. A'Ali Village has remained a major location for pottery making for many centuries, with highly skilled craftsmen. The Al Jasra Handicraft Center in Bahrain is known for its handicrafts such as weaves, crafts, paintings, gypsum inscriptions, and calligraphy that portray Bahraini culture. The first oil well in the Gulf was discovered in Jebel Dukhan, Bahrain (1929), and this coincided with the collapse of the pearl market. The list of Legislative/Governmental bodies of Bahrain are mentioned in Appendix 1.



**(From Left to Right: Bahraini Pearls, Hadra Wooden Fish Trap, A'ali Pottery Village)**

Source: Cultured Pearl Association, Alamy and Arrival Guides

## Bahrain's manufacturing sector

Bahrain is home to an established and diverse manufacturing sector, with several established industries that keep growing. The country is strategically located at the heart of the Gulf with quick, efficient access to every market in the Middle East by road, air and sea.

The manufacturing sector contributed approximately 14.1% of Bahrain's real GDP in 2021, making it the second largest non-oil sector following financial services. Furthermore, it is the third largest employer in the labour market, employing 11% of the total workforce in the private sector. These initiatives aim to create a conducive environment for manufacturing businesses, fostering economic diversification and enhancing Bahrain's position as an attractive investment destination. The leading manufacturing activities in the country include petroleum refining, aluminium and petrochemical production, food processing, and fabrication activities. The Government of Bahrain has focused on diversifying its economy into banking, heavy industries, retail, and tourism due to its limited oil supply.

**Table 1: Bahrain's GDP, Year Over Year (YOY) change and GDP per capita<sup>5</sup>**

Category (In US\$ billions)	2018	2019	2020	2021	2022	2023*	2024*
GDP (current prices)	37.8	38.65	34.72	38.87	43.54	45.03	46.74
Real GDP growth (Annual % change)	2.1%	2.2%	-4.9%	2.2%	3.4%	3%	3%
GDP per capita	25,150	26,050	23,590	26,140	28,690	29,080	29,570

Source: IMF: Country Data

\*Estimates according to IMF

## Bahrain's hydrocarbon and non-hydrocarbon sector

Historically, Bahrain's economy has heavily relied on its hydrocarbon sector, with activities related to oil and gas exploration, production, refining, and distribution. However, as part of its economic diversification strategy, Bahrain has been actively promoting its non-hydrocarbon sector. This sector includes key industries such as financial services, tourism, manufacturing, logistics, and information and communications technology (ICT). The efforts invested in economic diversification have yielded remarkable results. In 2022, the non-oil sector made its highest-ever contribution to Bahrain's real GDP, accounting for 83.1% of the total. The non-oil sector experienced a notable growth rate of 6.2% in 2022, surpassing the target of 5% set in the Economic Recovery Plan. This growth rate represents the highest recorded over the past decade, highlighting the success of Bahrain's economic diversification initiatives. By expanding beyond hydrocarbon-dependent industries, Bahrain is strengthening its resilience and creating a more balanced and sustainable economy for the future.

<sup>5</sup> [IMF: Country Data](#)

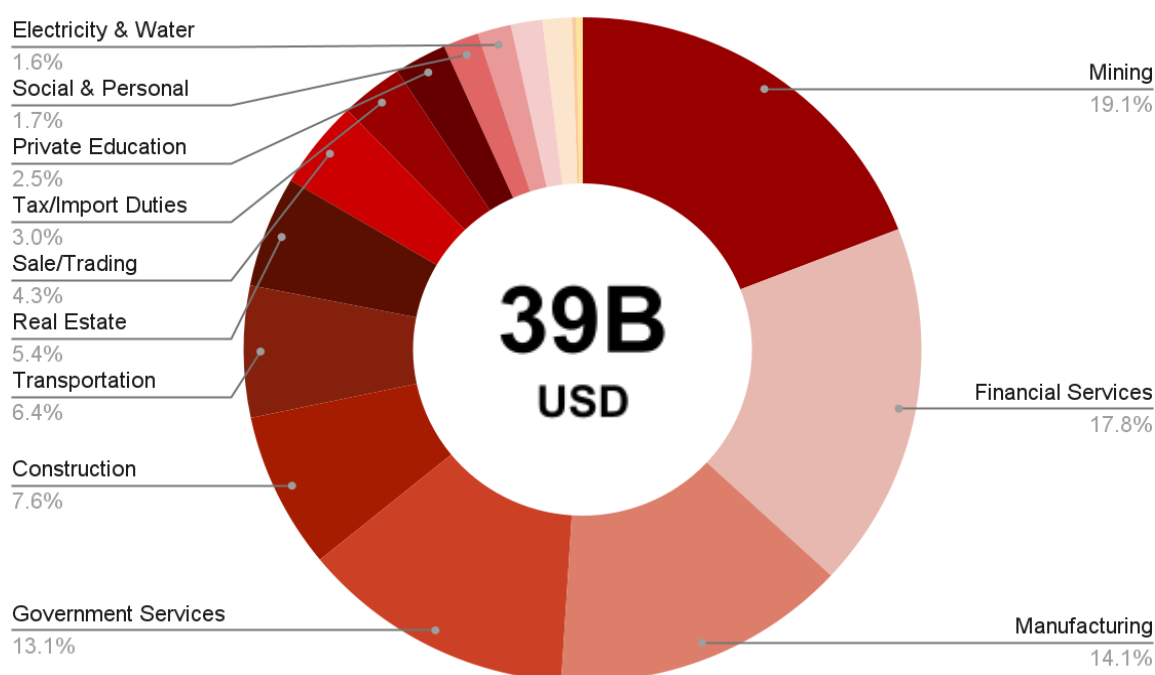
**Table 2: Bahrain's non-hydrocarbon and hydrocarbon sector growth<sup>6</sup>**

Category (%)	2021	2022	2023*	2024*
Non-Hydrocarbon sector growth	3.3%	6.2%	3.5%	3.6%
Hydrocarbon sector growth	-0.3%	-1.4%	0%	0.3%

Source: Ministry of Finance and National Economy: Economic Report: 2022

## Bahrain's sector-wise contribution to its GDP

Bahrain's economy is diversified and consists of various sectors that contribute to its GDP. The country's GDP in 2022 was US\$ 43.53 billion, observing a growth of 3.4%. The mining and quarrying sector is Bahrain's biggest contributor at 19.1%, followed by its financial services sector at 17.8%, and the manufacturing sector at 14.1%. The government services sector includes public administration, and social services, provided to its residents and businesses. The transportation and communication sector constructs and manages the highways, airports, and ports. The real estate sector involves the development, buying, selling, and renting of residential, commercial, and industrial properties. The trading sector encompasses a range of activities such as retail, wholesale, import, and export.

**Figure 1: Sector wise contribution towards Bahrain's GDP (2021)<sup>7</sup>**

Source: Tamkeen's Manufacturing Sector Profile: 2022

<sup>6</sup> [Ministry of Finance and National Economy: Economic Report: 2022](#)

<sup>7</sup> [Tamkeen.bh: Manufacturing Sector Profile: 2022](#)

## Bahrain's manufacturing sector growth

The manufacturing sector's output and contribution to the GDP have been consistently increasing over the past few years. This upward trajectory is a direct result of the government's clear vision and strategies aimed to increase manufacturing output and reduce the dependency on the oil and gas sector. Additionally, the government's initiatives have helped to attract foreign investors and stimulate local production. The output of the manufacturing sector grew 4.9% in 2022, with its biggest growth in Q2 of 2022 at 6.6%.

**Table 3: Bahrain's manufacturing sector quarterly growth<sup>8</sup>**

Category	2021	2022	Q1 2022	Q2 2022	Q3 2022	Q4 2022
Real GDP Growth	0.7%	4.9%	4.3%	6.6%	3.9%	4.9%

Source: Ministry of Finance and National Economy: Economic Report: 2022

Bahrain's manufacturing output has shown a consistent upward trend, with a temporary decline in 2020 due to the Covid-19 pandemic. However, the sector rebounded strongly in 2021, recording a significant increase in output to US\$ 7.82 billion, growing at an impressive rate of 24.21%.

**Table 4: Bahrain's manufacturing output and growth over the years<sup>9</sup>**

Category	2018	2019	2020	2021
Manufacturing Output (US\$ billion)	6.66	6.81	6.29	7.82
Growth	1.46%	2.26%	-7.58%	24.21%

Source: Marcotrends: Bahrain Manufacturing Output

## Major industries in the manufacturing sector of Bahrain

Bahrain has a wide range of industries in its manufacturing sector that compete regionally as well as globally. The major industries within the manufacturing sector of Bahrain are<sup>10</sup>:

- Energy equipment
- Oil, gas & consumable fuels
- Chemicals
- Construction materials
- Containers & packaging
- Metals & mining
- Paper & forest products
- Aerospace & Defense

<sup>8</sup> [Ministry of Finance and Economic Report: Economic Report: 2022](#)

<sup>9</sup> [Macrotrends: Bahrain Manufacturing Output](#)

<sup>10</sup> [MSCI: GICS: 2023](#)

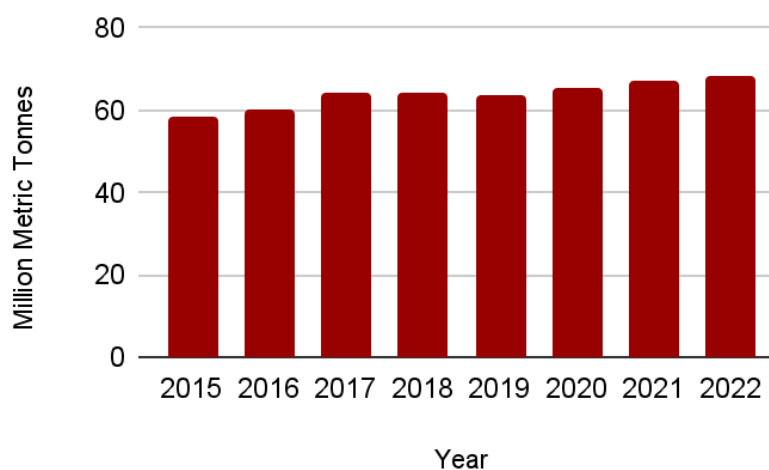
- Building materials
- Electrical equipment
- Machinery
- Transportation
- Automobile & components
- Leisure products
- Textiles, apparel & luxury goods
- Food, Beverage & Tobacco
- Household & personal products
- Health care equipment & supplies
- Pharmaceuticals & biotechnology
- Technology hardware & equipment

Of the above, petroleum, aluminium, downstream aluminium, and steel are Bahrain's biggest contributors.

## Aluminium

Aluminium, derived from the abundant mineral bauxite, is a highly sought-after industrial metal due to its versatility. It undergoes a refining process involving alumina and cryolite as a solvent. This non-toxic, lightweight metal possesses excellent thermal conductivity, corrosion resistance, and can be easily cast, machined, and formed. According to the US Geological Survey, global aluminium output increased slightly in 2022 coming in at 69 million metric tonnes (MT), compared to 67 million metric tonnes in the previous year. The top aluminium producing countries are China at 40 million MT, India at 4 million MT, and Russia at 3.7 million MT.

**Figure 2: Global aluminium production over the years<sup>11</sup>**



Source: Investing News: Top 10 Aluminium Producing Countries: 2023

<sup>11</sup> [Investing News: Top 10 Aluminium Producing Countries: 2023](#)

## Aluminium Bahrain B.S.C (ALBA)

ALBA, the first aluminium smelter in the Middle East, holds the distinction of being the second largest single-site aluminium smelter globally, following China. As of 2020, it ranks as the seventh largest aluminium producing industry and second in the Middle East, after the United Arab Emirates<sup>12</sup>. The incorporation of ALBA marked the beginning of Bahrain's strategy to diversify its economy and reduce its dependence on oil. The company contributes a significant share of 12% to the country's GDP. Incorporated in 1968, the shareholders include Bahrain Mumtalakat Holding Company B.S.C, SABIC Industrial Investments Company and the general public<sup>13</sup>.

Situated in the Askar industrial area, ALBA has achieved a substantial production capacity of 1.6 million tonnes annually through its Line 6 Expansion, showing a year-on-year increase of 2.5%. ALBA manufactures a diverse range of products, including standard ingots, rolling ingots, T-ingots, properzi ingots, LME Sows, liquid metal, and extrusion ingots. These products find their way to various global markets, with Europe accounting for 20% of sales, Asia at 16%, Americas at 18%, and other MENA countries at 21%. Bahrain stands as the largest market for ALBA's aluminium sales, constituting 25%. In 2022, ALBA reported an Earnings Before Interest, Taxes, Depreciation, and Amortisation (EBITDA) of US\$ 1,520 million, with a net profit of US\$ 1,107 million. ALBA prioritizes employee training and development, with a workforce of over 3,100 individuals across its operations<sup>14</sup>. The company's expansion of production capacity in 2019 has greatly benefited the local downstream aluminium product industry. Additionally, in 2021, ALBA introduced a spent pot lining treatment plant spanning approximately 2.5 hectares, facilitating the conversion of waste from aluminium production into other industrial materials.

The production process starts with the purchase of green petroleum coke to produce carbon anodes for the aluminium smelting process using the calciner plant. The aluminium metal is made of alumina, which is composed of aluminium and oxygen. During the smelting process, electrical energy is used to separate the aluminium metal from the oxygen to produce molten aluminium. Two tonnes of alumina are required to produce one tonne of aluminium. ALBA sources its alumina from China's Hangzhou Jinjiang Group Co. (HJJ)<sup>15</sup>.

Alba is recognized as one of the top industrial companies in the world (2020) with high standards in Environment practices, Social contribution and Governance (ESG) which are rated by ESG Invest. Over the years, the company has maintained an excellent track record in safety and health, for which it has won prestigious international awards such as the RoSPA Gold Award for 9 years in a row, and the International Safety Award with Merit from the British Safety Council, as well as six major National Safety Council (NSC) USA awards in 2021. ALBA has also been recognized for its initiatives to produce aluminium responsibly through awards such as the Safeguard Label from Bureau Veritas and Best Corporate Governance Award by Ethical Boardroom. The expansion of Alba's US\$ 37.5 million zero-waste spent pot lining treatment

<sup>12</sup> [Oxford Business Group: How Bahrain is diversifying its industrial sector](#)

<sup>13</sup> [Alba: Aluminium for the world](#)

<sup>14</sup> [Alba: Facts & Figures](#)

<sup>15</sup> [S&P Global: Bahrain's Alba signs MoU with Chinese alumina supplier: 2020](#)



plant, the upcoming 5-plus MW Solar Farm Project will meet the goals of Bahrain's Economic Vision 2030 as well as the Net Zero Carbon targets<sup>16</sup>. The global aluminium market is expected to grow from US\$ 245.7 billion in 2021 to US\$ 498.5 billion in 2030 at a CAGR of 5.8%<sup>17</sup>.

## Downstream aluminium

The aluminium industry can be separated into three main segments: upstream, midstream, and downstream. The downstream segment focuses on engineered products and solutions. The midstream and downstream segments are often referred to as value-add businesses since they enhance the raw aluminium and command higher prices than the base commodity.

### Gulf Aluminium Rolling Mill (GARMCO)

In Sitra Industrial Park, Bahrain established the Middle East's inaugural fully dedicated downstream facility for aluminium rolling, cutting, and fabrication. GARMCO, founded in 1981, is jointly owned by Bahrain Mumtalakat, Saudi Basic Industries Corporation, Industrial Bank of Kuwait, Gulf Investment Corporation, the Government of the Republic of Iraq, the Government of the Sultanate of Oman, and Qatar Holding Company. GARMCO has an extensive network of six subsidiaries and associates across the Middle East, Asia, the Far East, Australia, Europe, and the US.

With a production capacity of 165,000 tonnes, GARMCO offers a wide range of products including aluminium sheets, checkered plates, aluminium coils, slitted coils, stucco embossed coils, and aluminium foil. The company generates over 75% of its sales from outside the GCC, with the MENA region being its strongest market, followed by the USA, Europe, Singapore, and Australia. In 2017, GARMCO inaugurated a new casting facility valued at US\$ 55 million, contributing to an annual turnover increase to US\$ 450 million<sup>18</sup>. GARMCO is renowned for its production of high-quality products using the direct chill casting method, which ensures stable and homogenized controlled properties. With a workforce of over 600 employees, the company is committed to eco-friendly practices and has outlined its environmental initiatives through the GARMCO Green Initiative (2020). This initiative aims to manufacture top-notch products from recycled aluminium and enhance the adoption of energy-efficient practices<sup>19</sup>.

### Aluminium Downstream Park

Located near the Alba campus, the Aluminium Downstream Park was established to facilitate aluminium manufacturing and recycling endeavours. With the Line 6 expansion project, Alba has become the world's largest aluminium smelter outside of China and this development aligns with Bahrain's Economic Recovery Plan. Due to expanding its production capacity by 540,000 metric tonnes per annum, Alba has significantly boosted its metal supply to support a flourishing downstream sector, contributing to Bahrain's overall economic progress<sup>20</sup>.

<sup>16</sup> [Alba: ESG Roadmap](#)

<sup>17</sup> [Businesswire: Worldwide Aluminum Industry: 2022](#)

<sup>18</sup> [GARMCO: Facts & Figures](#)

<sup>19</sup> [GARMCO: The GARMCO Green Initiative](#)

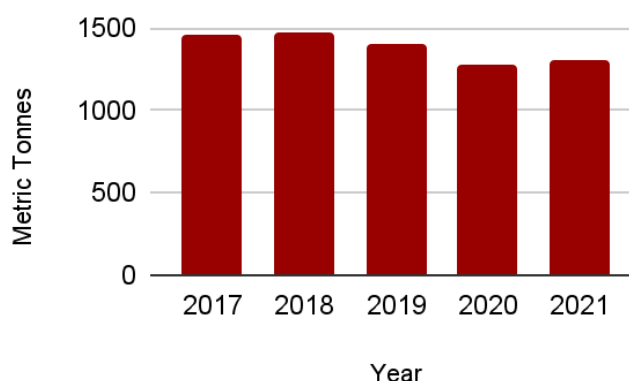
<sup>20</sup> [ALBA: Line 6 Aluminium Downstream Park](#)

## Crude Oil / Petroleum

Crude oil production refers to the extraction of oil from the ground, which includes crude oil, natural gas liquids, and additives after removing impurities. The extracted oil and natural gas are transported through pipelines to refineries, where they are processed into refined products. Following the Covid-19 pandemic, there was a significant increase in oil demand compared to its supply. As a result, international oil prices surged by approximately 70% in 2021. In the Middle East, oil production witnessed a growth of 1.6% in the same year<sup>21</sup>. Global sales for exports of refined petroleum totaled US\$ 704 billion in 2021, with the five biggest importers being the US, Russia, India, the Netherlands and Singapore<sup>22</sup>.

According to the U.S. Energy Information Administration for the year 2020, Saudi Arabia is the largest oil producer in the GCC and globally, with an average production of 9.2 million barrels per day, while Bahrain is the smallest oil producer in the GCC with 170,000 barrels per day<sup>23</sup>. Bahrain generates its oil revenue from two fields namely the onshore Bahrain field and the offshore Abu Safah field. Recently, a significant discovery of 10 to 20 trillion cubic feet of deep gas reserves, known as the Khaleej Al-Bahrain field, was made beneath the legacy Bahrain field. Test wells are currently being drilled in nearby land areas, and the drilling for the first offshore production wells is scheduled to commence in early 2023. Tatweer Petroleum is leading the implementation of the plan to drill evaluation wells, aiming to attract international oil firms to invest in Bahrain.<sup>24</sup>.

**Figure 3: Crude oil production in the Middle East<sup>25</sup>**



Source: Enerdata: Crude Oil Production

## The Bahrain Petroleum Company (BAPCO)

Bahrain holds the 36th global ranking and seventh in the MENA region in terms of oil production. The Bahrain Petroleum Company (BAPCO) is a prominent and significant

<sup>21</sup> [Enerdata: Crude oil production](#)

<sup>22</sup> [World's Top Exports: Refined oil exports](#)

<sup>23</sup> [U.S. Energy Information Administration: Petroleum and other liquids](#)

<sup>24</sup> [Reuters: Bahrain due to start drilling wells: 2021](#)

<sup>25</sup> [Enerdata: Crude oil production](#)

contributor to Bahrain's GDP. Established in 1929, BAPCO was initially owned by the Standard Oil Company of California and is currently fully owned by the Government of Bahrain. Situated in Awali, Bahrain holds the distinction of being the first country in the Arabian Gulf to discover oil in 1932, and it played a pivotal role in establishing the region's hydrocarbon industry through oil exports in 1934, and oil refining in 1936<sup>26</sup>. BAPCO owns a 267,000 bpd refinery along with storage facilities of 14 million barrels. Their product line includes Liquefied Petroleum Gas (LPG), naphtha, gasoline, jet fuel/kerosene, gasoil, fuel oil, asphalt, sulphur and BAPbase. The company refines over 267,000 barrels of crude daily, over one-sixth of which originates from the Bahrain field while the remainder is pumped from Saudi Arabia through pipelines. The petroleum products are supplied locally and also exported to customers in markets such as the Middle East (53%), India (4.9%), Far East (17.5%), South East Asia (5.9%), Europe (4.5%), South America (2.7%), and Africa (10.6%)<sup>27</sup>. Additionally, BAPCO supplies aviation fuel through the Bahrain Aviation Fuel Company (BAFCO) to aircrafts that land in the Bahrain International Airport.

The company employs over 2,500 employees and professionals from over 30 nationalities. The Bapco Modernization Programme (BMP) aims to enhance processing capabilities to exceed 380,000 barrels per day. Additionally, it focuses on rehabilitating the soil, improving its quality, supporting biodiversity, and minimizing noise impact throughout the continuous and operational phases. This initiative will result in a significant 42% increase in the refinery's crude capacity<sup>28</sup>. The company also launched the Green School Awards Scheme in 2005 and a continuous waste segregation and recycling program. To adhere to local regulations and international standards, BAPCO has allocated a substantial investment of US\$ 320 million in state-of-the-art technology. As part of their customer-centric approach, they have introduced the Sadeem Fuel Card, a secure and convenient payment solution for vehicle users. This card can be utilized at BAPCO's own service stations as well as private service stations throughout Bahrain.

## Steel / Iron Ore

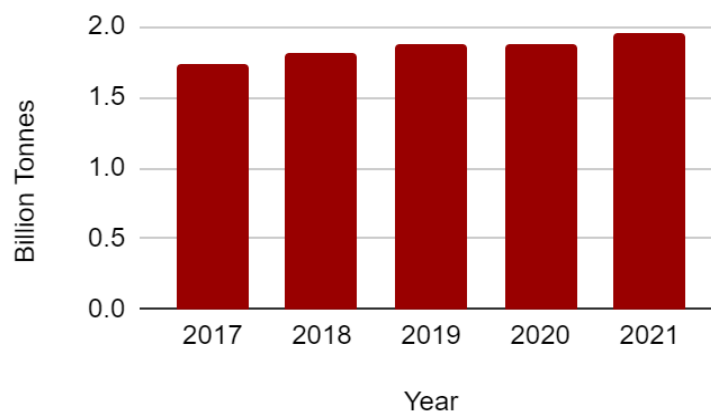
Steel production involves the transformation of iron ore and/or scrap into steel, with impurities being eliminated from the sourced iron and alloying elements like manganese, nickel, and chromium being added to create various steel grades. This industry ranks among the highest in terms of carbon emissions worldwide, contributing an estimated 7-9% of direct fossil fuel emissions. According to the World Steel Association, global crude steel output recorded a decline of 4.2% in 2022, reaching 1.87 billion tonnes. In 2021, the top three countries in terms of crude steel production were China with 1.03 billion tonnes, India with 118 million tonnes, and Japan with 96 million tonnes.

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<sup>26</sup> [BAPCO: History](#)

<sup>27</sup> [BAPCO: International Market](#)

<sup>28</sup> [BAPCO: Bapco Modernization Programme](#)

**Figure 4: Global crude steel production over the years<sup>29</sup>**

Source: World Steel Association: World Steel in Figures: 2022

### **Bahrain Steel B.S.C (“Bahrain Steel”)**

Bahrain Steel, situated in Hidd Industrial City, is a leading manufacturer and global supplier of high-grade iron ore pellets in the Middle East. In 2021, the company accounted for 25% of Bahrain's non-oil exports<sup>30</sup>. Established in 1984, it operates as a subsidiary of Foulath Holdings, with shareholders including Gulf Investment Corporation G.S.C, Qatar Steel Company, Gulf Cables & Electrical Industries Company, National Industries Group Holding, and Kuwait Foundry Company. The majority ownership of Bahrain Steel rests with Kuwait and Qatar shareholders. Additionally, the company has two subsidiaries, namely SULB Bahrain and SULB Saudi, and also wholly owns United Stainless Steel Company.

Bahrain Steel, with a total investment of US\$ 3.5 billion, boasts a production capacity of 12 million tonnes of iron ore pellets as of 2021. The primary product of the company is agglomerated, indurated iron ore pellets, produced by converting iron ore fines into pellet form. These pellets are then supplied to steel manufacturers for either Direct Reduction (DRI) or blast furnace steelmaking processes. The company procures its raw materials from various sources, including Brazil, Chile, Canada, and Europe, with Brazil serving as its largest supplier. Bahrain Steel operates its own port terminal, which facilitates 75% of its exports. The GCC holds the largest market share, accounting for 35% of its exports, while the remaining portion is exported to destinations such as China, Turkey, Algeria, Libya, Egypt, and the Caribbean<sup>31</sup>. The workforce at Bahrain Steel, consisting of 465 employees, plays a vital role in the company's operations and is recruited from 11 different countries. Since 2015, the company has invested US\$ 20 million in implementing environmental protection systems. One notable system is its 100% natural gas-fired grate-kiln system, which effectively reduces fines and manages waste. Bahrain Steel also prioritizes energy and water conservation processes, boasting the lowest anthracite consumption in the iron ore pellet sector. Additionally, the company exclusively

<sup>29</sup> [World Steel Association: World Steel in Figures: 2022](#)

<sup>30</sup> [Bahrain Steel: Record Production: 2022](#)

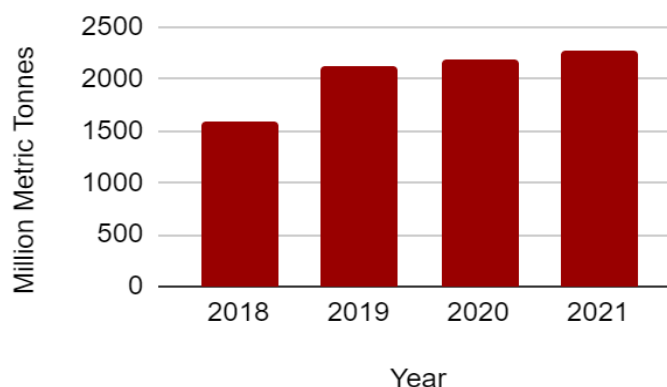
<sup>31</sup> [Bahrain Steel: Our Product](#)

utilizes ultra-low sulphur raw materials. To ensure a steady supply of pellet feed for its pelletizing plants, Bahrain Steel has entered a 20-year agreement with Anglo American Marketing Limited (AAML). Looking at the global steel market, it is projected to reach a volume of 2.3 billion metric tonnes by 2030, with a CAGR of 3% from 2022 to 2030<sup>32</sup>.

## Petrochemical

Petrochemicals encompass a range of chemicals obtained from hydrocarbons like propane, ethane, butane, and other components extracted from crude oil or natural gas liquids. They play a crucial role in the chemical industry, serving as building blocks for the production of numerous products, including plastics, medications, cosmetics, furniture, appliances, electronics, solar panels, and wind turbines. Key products of the petrochemical industry include ethylene, propylene, benzene, methanol, toluene, xylene, and butadiene. In 2022, the global petrochemical market reached a size of US\$ 523.56 billion, and it is projected to grow to US\$ 798.8 billion by 2030, with a CAGR of 5.4%. The Middle East began to develop its petrochemical assets to capitalize on its cheap and readily available ethane for export<sup>33</sup>.

**Figure 5: Global petrochemical production over the years<sup>34</sup>**



Source: Statista: Global petrochemical production: 2018-2022

### Gulf Petrochemical Industries Co. BSC (GPIC)

Established in 1979, the Gulf Petrochemical Industries Co. (GPIC) holds the distinction of being Bahrain's top petrochemical company. This joint venture is owned in equal proportions by three entities: the Oil & Gas Holding Company (Nogaholding) in Bahrain, SABIC Agri-Nutrients Investments in Saudi Arabia, and Petrochemical Industries Co. in Kuwait. Situated in the Sitra Industrial Park, this industry capitalizes on the abundance of natural gas as a feedstock for manufacturing ammonia, urea, and methanol. These products are supplied to customers both domestically and internationally, with markets spanning Japan, Korea, India, China, Taiwan, Thailand, Singapore, Australia, Jordan, the US, and the Middle East. Natural gas is the main raw material for production of ammonia, urea, and methanol, and is obtained from BAPCO. The

<sup>32</sup> [Globe News Wire: Global Steel Market by 2030: 2022](#)

<sup>33</sup> [Precedence Research: Petrochemical Market](#)

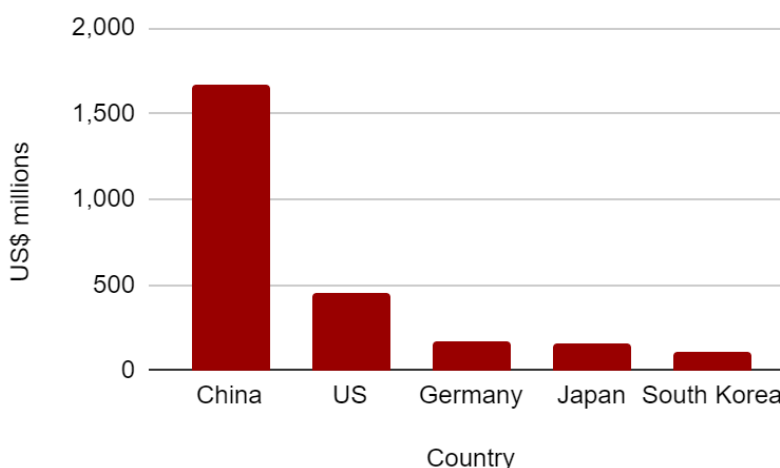
<sup>34</sup> [Statista: Global petrochemical production: 2018-2021](#)

company's operations contribute approximately US\$ 271 million annually to Bahrain's economy. GPIC is considered to be a role model in the protection of the environment and established the Middle East's first Carbon Dioxide Recovery (CDR) plant to manage greenhouse gas emissions in 2010. The unit captures 450 metric tonnes of carbon dioxide per day and has substantially improved the carbon footprint of the company. Additionally, the company has won many accolades from RoSPA, UK and the RW Campbell Award for its excellence in Health, Safety, and Environment management systems<sup>35</sup>. In 2020, GPIC entered into a strategic collaboration with Saipem, an Italian oilfield services company, to enhance operations and foster stronger economic ties between Bahrain and Italy.

## Chemical

The chemical industry is a large and diverse sector that encompasses a wide range of products produced through the extensive use of various chemicals. This industry comprises commodity chemicals, diversified chemicals, fertilizers & agricultural chemicals, industrial gases, and specialty chemicals. The chemical industry is expected to reach US\$ 953.9 billion by 2027 at a CAGR of 5% from US\$ 873.38 billion in 2019<sup>36</sup>. China, US, Germany, Japan, and South Korea are among the leading countries in terms of chemical production<sup>37</sup>.

**Figure 6: Top chemical producing countries in 2021<sup>38</sup>**



Source: Process Worldwide: Top 10 Countries in the Chemical Industry

### **BASF Plastic Additives Middle East W.L.L. (Badische Anilin und Soda Fabrik)**

BASF Plastic Additives, located in Hidd, is the leading supplier, manufacturer, and innovation partner for plastic additives in the country. Since its establishment in 1865 in Germany, the company has specialized in providing customized antioxidant blends to its customers. With its

<sup>35</sup> [Gulf Petrochemical Industries Co. BSC: Company Overview](#)

<sup>36</sup> [Science Direct: Chemical Industry: 2022](#)

<sup>37</sup> [Your Article Library: Top 10 Chemical producing countries](#)

<sup>38</sup> [Process Worldwide: Top 10 Countries in the Chemical Industry](#)

advanced production plant at Bahrain International Investment Park, established in 2015, BASF caters to the rapidly growing polymer industry in the Middle East. Their diverse and cutting-edge product portfolio includes stabilizers that enhance processing, heat and light resistance for various polymers and applications such as moulded articles, films, fibres, sheets, and extruded profiles. Operating in over 80 countries, BASF has production sites worldwide and exports its products to numerous countries across Europe, North and South America, and Asia. As a member of the global Alliance to End Plastic Waste (AEPW), BASF is committed to the principles of the Responsible Care initiative<sup>39</sup>.

## Food and beverages

The global food and beverage manufacturing industry is a vast and dynamic sector that encompasses the production of a wide range of consumable products. The industry amounted to US\$ 9 trillion in 2022 and is expected to grow annually by 4.8% during 2022-2027<sup>40</sup>. The industry includes various products, with the common types being meat and poultry, dairy, baked goods, snack foods, beverages, and frozen foods. Beverage production covers a broad spectrum, including non-alcoholic beverages such as soft drinks, juices, and bottled water, as well as alcoholic beverages like beer, wine, and spirits. Additionally, the industry relies heavily on industrial-scale food production equipment ranging from simple ovens and conveyor belts to complex bottling and packaging machines. In 2020, the top food and beverage producing countries in the world were China at US\$ 1.5 trillion, India at US\$ 403.5 billion, United States at US\$ 306.4 billion, and Brazil at US\$ 125.3 billion<sup>41</sup>.

### Mondelez Bahrain Biscuits W.L.L.

Mondelez Bahrain Biscuits W.L.L. is one of the largest within the chain of Mondelez International plants and was ranked third in the Consumer Food Products Industry in 2023<sup>42</sup>. With an investment of over US\$ 90 million, a biscuit manufacturing plant was built which produces popular brands such as Oreo cookies, Barni soft cakes, Tang powdered beverage, and Belvita biscuits. The plant serves both local consumers and acts as a distribution hub for exports to the Gulf region, Africa, Australia, and New Zealand. Situated in the BIIP, the plant has an annual production capacity of 45,000 tonnes. In 2021, the company implemented a new cloud-based technology that efficiently monitors and reduces electricity, water, and natural gas usage at the factory. Recognizing its excellence in food safety and quality, the company was honoured with the Black Pearl Award in 2021.

### Awal Dairy Company W.L.L

Established in 1963, Awal Dairy Company W.L.L. is a leading company in the Middle East and the first dairy company in Bahrain, with TRAFICO holding 51% shareholding. Located in the Al Hajar district, the company meets the local demands and exports to countries such as Saudi Arabia, Kuwait, and Africa, producing a range of products in the dairy and fruit juices arena

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<sup>39</sup> [BASF: Home](#)

<sup>40</sup> [First Research: Food Manufacturing Industry Profile: 2023](#)

<sup>41</sup> [Investopedia: Countries that produce the most food: 2023](#)

<sup>42</sup> [Mondelez International: Awards: 2023](#)

under the brands Awal and Fabion. The company's revenue for the year 2021 grew by 2.65% to US\$ 40.05 million<sup>43</sup>. Backed by the Labour Support Fund (Tamkeen), the company aims to double its production of fresh dairy products and increase long-life products by 40%, which would contribute to increasing the volume of exports by 10%<sup>44</sup>.

### **Arla Foods W.L.L**

Formed in 2000, Arla Foods amba is a Danish-Swedish multinational cooperative which was ranked 14th in the Food and Agriculture Benchmark by World Benchmarking Alliance<sup>45</sup>. The company also ranked fifth in the Global Nutrition Index 2021<sup>46</sup>. The multinational company established its Bahrain manufacturing facility in Hidd in 2019, with an investment of US\$ 63 million. The facility specializes in the production of dairy products under well-known brands such as Arla, Lurpak, Castello, and Puck. Currently producing 80,000 tonnes, the facility aims to expand its production capacity to 100,000 tonnes by 2025, with a focus on meeting the demands of the local market and the MENA region. The manufacturing facility has generated revenue of US\$ 605.4 million in 2018<sup>47</sup>. Additionally, the company has won many awards in the field of innovation and quality ingredients. Arla Foods has invested US\$ 1.3 million in green energy with 8,000 metre square solar cells, making it one of the bigger solar power plants in the country. The renewable energy source produces approximately 20% of the site's yearly energy consumption while also reducing carbon emissions<sup>48</sup>.

### **Bahrain Flour Mills Company B.S.C**

Incorporated in 1970, Bahrain Flour Mills is located in the Mina Salman Industrial Area. The company is jointly owned by Bahrain Mumtalakat Holding, Kuwait Flour Mills and Bakeries Company, and Abdulhameed Zainal Mohammed, and is managed by Al Matahin Management. The company produces a variety of flour and grains to satisfy the requirements of the local market and is set to expand its production capacity by the end of 2023<sup>49</sup>. The company reported a revenue of US\$ 18 million in 2021, and has been accredited by ISO in food safety and hazard control.

## **Plastic and plastic products**

Plastic manufacturing involves the transformation of plastic materials into semi-finished or finished products that offer practical utility. It encompasses primary and secondary processing techniques and can be categorized into two main types namely thermoplastics and thermosetting plastics, based on their distinctive processing properties. The construction, transportation, electrical, agriculture, and medical sectors are among the top consumers of plastic products. The global annual production of plastics reached 390.7 tonnes in 2021, with a

<sup>43</sup> [Bahrain Bourse: Trafco Group: 2021](#)

<sup>44</sup> [Trade Arabia: Tamkeen supports Awal Dairy expansion: 2023](#)

<sup>45</sup> [World Benchmarking Alliance: Arla Foods](#)

<sup>46</sup> [TBS News: Arla Foods Rank: 2021](#)

<sup>47</sup> [Arla: Cheese production site in Bahrain: 2019](#)

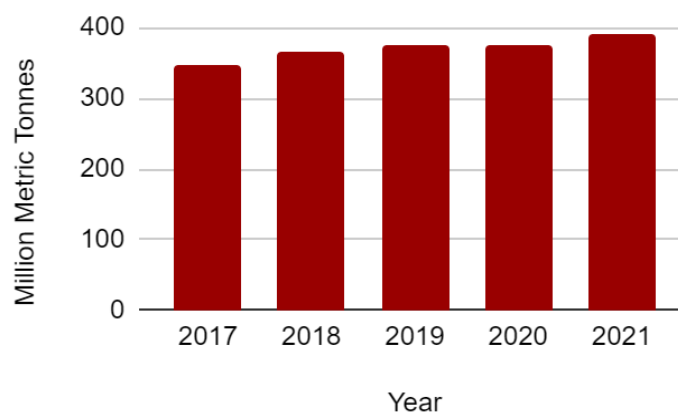
<sup>48</sup> [Economic Development Board Bahrain: Arla Foods: 2022](#)

<sup>49</sup> [News of Bahrain: Bahrain Flour Mills: 2023](#)



growth rate of 4% from 2020, and is expected to rise by 3.7% between 2022 and 2030<sup>50</sup>. In 2022, China emerged as the leading manufacturer of plastics, with a total export value of US\$ 19.5 billion. Following closely behind was Germany with US\$ 9.9 billion and the US with US\$ 7.2 billion, solidifying their positions as significant players in the global manufacturing of plastics<sup>51</sup>

**Figure 7: Global plastic production from 2017 to 2021<sup>52</sup>**



Source: Statista: Annual production of plastics worldwide: 2023

### **Gulf Plastics Industries W.L.L. (GULFPLAS)**

Incorporated in 1968, GULFPLAS is the first plastic processor established in the Middle East and is presently located in the BIIP with a total industrial plot area of 30,000 metre square. The company offers a vast range of products in the pipes and fittings industry and has recently expanded its production capacity through the introduction of new extrusion lines. It has actively participated in numerous infrastructure, housing and communication projects in Bahrain and its latest are Khalifa Bin Salman Hidd Port & Bahrain International Investment Park, Durrat Al-Bahrain, Amwaj Island, Bahrain Financial Harbor, City Garden, Bahrain World Trade Centre, Al Areen Water Park. 70% of GULFPLAS products are exported to various neighbouring countries such as Saudi Arabia, Kuwait, UAE, Jordan, Yemen, Oman, Pakistan and India, while the remaining portion is supplied to the local market<sup>53</sup>. Furthermore, the company has established collaborations with renowned manufacturers such as Geberit Ltd, Durapipe, and Redi, enabling them to deliver products that meet rigorous international standards, ensuring high quality and reliability.

### **Jewellery**

The jewellery industry encompasses the production, distribution, and repair of various types of jewellery, including rings, bracelets, necklaces, anklets, and other accessories. These exquisite

<sup>50</sup> [ITI: Plastic Manufacturing Countries](#)

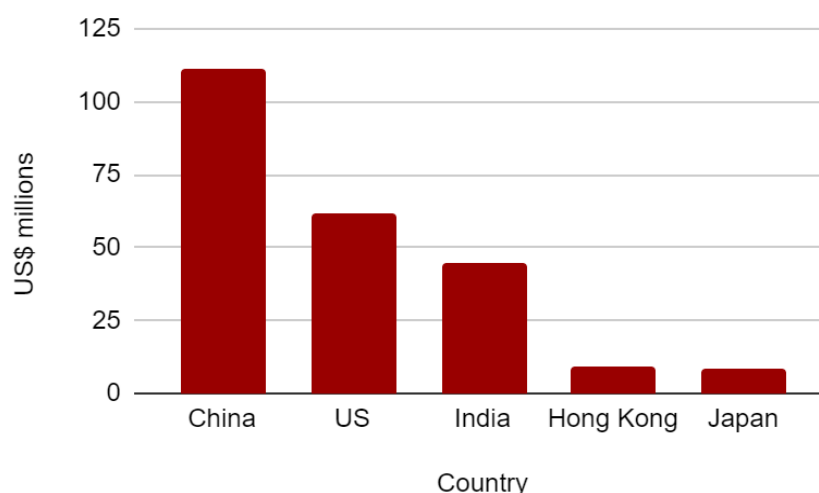
<sup>51</sup> [BizVibe: 10 Largest Manufacturing Companies: 2023](#)

<sup>52</sup> [Statista: Annual production of plastics worldwide: 2023](#)

<sup>53</sup> [GulfPlas: About Us](#)

pieces are crafted using precious and semi-precious metals, adding beauty and elegance to the industry's offerings. In 2022, the global jewellery market was valued at US\$ 340.69 billion and has a projected growth rate of 4.6% from 2023 to 2030<sup>54</sup>. In 2020, the top manufacturer China, manufactured jewellery worth US\$ 111.46 billion, followed by the US with US\$ 61.76 billion, and India with US\$ 44.44 billion.

**Figure 8: Top producers of jewellery by country in 2020<sup>55</sup>**



Source: Rich Diamonds: Which country produces the most

### **Al Zain Jewellery**

Established in 1930, Al Zain Jewellery is recognized as a leading designer, manufacturer and retailer of luxury and affordable diamond and gold jewellery, owned by the Al Zain family. The company has boutiques across the GCC in Bahrain, Al Khobar, Riyadh, Dubai, Abu Dhabi, Kuwait and Qatar. In its early beginnings, the company initiated its journey as a pearl trading enterprise in 1930. The outlet was re-established in 1977 with a new shop in the Manama Souq. The product lineup includes a wide array of bangles, earrings, rings, and necklaces crafted from precious and semi-precious metals, with distinctive cultural influences evident in each collection. In 2020, Al Zain Jewellery was awarded the Best Pearl Jewellery Piece and Best Independent Designer by the Middle East Watch & Jewellery of the year<sup>56</sup>.

### **Devji Aurum**

The Devji Group was established in 1947 by Shri Devji Ramji Sagar in Bahrain and Devji Aurum was founded by Mahesh Devji in 1995. The company has three boutiques in the Manama Souq and one in Bahrain City Centre. The company has also established a number of boutiques in Oman and India. Their range of products comprises gold jewellery featuring an assortment of necklaces, chains, earrings, rings, bangles, bracelets, and anklets, all accompanied by the

<sup>54</sup> [Grand View Research: Jewellery Market: 2022](#)

<sup>55</sup> [Rich Diamonds: Which country produces the most](#)

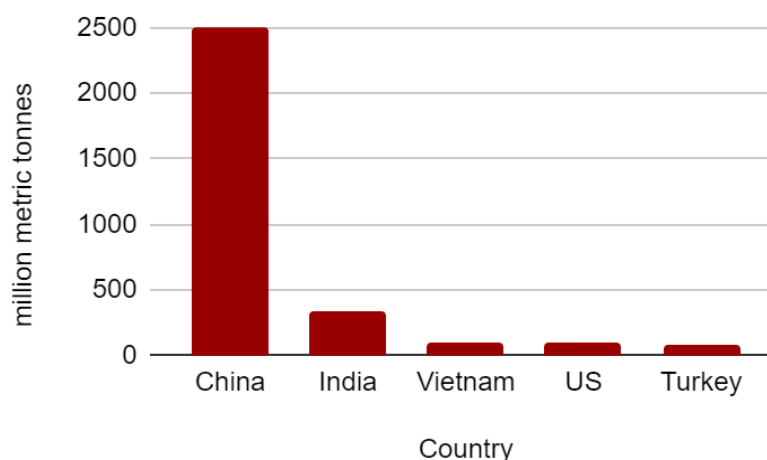
<sup>56</sup> [Al Zain Jewellery: Achievements: 2020](#)

invisible insignias of purity, quality, craftsmanship, and value. Situated in the BIIP, the manufacturing facilities for gold and diamond jewellery have been established with a significant investment of US\$ 21.2 million. These facilities cater to both local demands and the export market, specifically targeting India and the GCC. Over time, the company has earned a stellar reputation as a preferred destination for exquisite and opulent jewellery<sup>57</sup>.

## Cement

Cement is produced by carefully combining calcium, silicon, aluminium, iron, and other components through controlled chemical processes. These ingredients are subjected to high temperatures, resulting in the formation of a solid material that is then finely ground into a powder. Cement primarily serves as a binding agent in concrete, which is used in diverse construction projects, buildings, roads, dams, ports, and decorative items. The global cement market is projected to grow from US\$ 340.61 billion in 2022 to US\$ 481.73 billion by 2029, at a CAGR of 5.1%<sup>58</sup>. The top cement producing countries in 2020 were China, India, Vietnam, US, and Turkey.

**Figure 9: Top cement producing countries in 2020<sup>59</sup>**



Source: Business Ranker: Top 10 Largest Cement producers in the world

## Falcon Cement Company BSC (FCC)

Falcon Cement Company (FCC) is the largest and only integrated cement producer in Bahrain. The plant started operations in 2009, catering to the local needs and reducing the country's reliance on imported cement. The company's manufacturing plant in Hafirah produces both ordinary Portland cement and sulphate resistant cement. In 2019, the production capacity of FCC was expanded, increasing from 2,500 tonnes per day to 3,400 tonnes per day<sup>60</sup>. FCC has obtained prestigious international certifications for its quality products.

<sup>57</sup> [Devji Aurum: Home](#)

<sup>58</sup> [Fortune Business Insights: Cement Market Size: 2022](#)

<sup>59</sup> [Business Ranker: Top 10 Largest Cement producers in the world: 2023](#)

<sup>60</sup> [Falcon Cement: About Falcon](#)

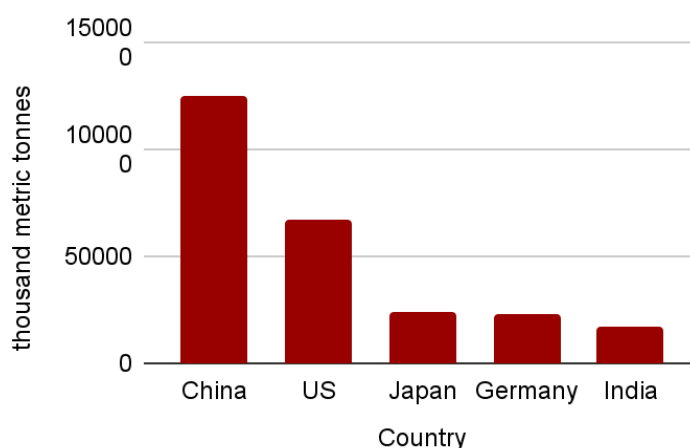
## UltraTech Cement Limited

UltraTech Cement Limited is the cement flagship company of the Aditya Birla Group, a US\$ 7.1 billion building solutions powerhouse, spanning UAE, Bahrain, Sri Lanka and India. Located in the Hidd industrial area, the manufacturing plant produces ordinary portland cement, portland blast furnace slag cement, portland pozzolana cement, and ready mix concrete. The company mainly exports its products to Africa, Europe, and the Middle East. Additionally, UltraTech Cement has received many awards such as the GreenTech Environment Excellence Award and the Corporate Social Responsibility Excellence Award<sup>61</sup>.

## Paper and paper products

Paper is a thin sheet made from cellulose pulp obtained from wood and other lignocellulosic materials like cotton, rice, or wheat straw. It is commonly used for writing, printing, and packaging. The global pulp and paper market is projected to grow from US\$ 354.39 billion in 2022 to US\$ 372.70 billion by 2029, at a CAGR of 0.72%<sup>62</sup>. The top countries producing paper and paper products are China, US, Japan, Germany, and India.

**Figure 10: Top paper producing countries in 2021<sup>63</sup>**



Source: Statista: Global Paper production volume: 2021

## United Paper Industries B.S.C (Bahrain Pack)

Located in the Sitra Industrial area, Bahrain Pack was formed in 1993 and is owned by BANZ Group, Al Maskati Investment, MAZA, Buhindi Group, Khalid Buhendi, and Hussain Mahdi Maskati & Sons. The company produces a variety of paper products such as corrugated sheets and rolls, cartons, and boxes, with the help of machineries imported from the US, Europe, and the GCC. The company enjoys more than 70% of the market share in Bahrain and has high

<sup>61</sup> [NDTV: Ultratech Cement Ltd](#)

<sup>62</sup> [Fortune Business Insights: Pulp and Paper Market: 2022](#)

<sup>63</sup> [Statista: Global Paper production volume: 2021](#)

value clients in Saudi Arabia, Kuwait, Qatar, and Jordan. Bahrain Pack has received support from Tamkeen, enabling the company to boost its production by an additional 7,000 tonnes<sup>64</sup>.

## Fast Moving Consumer Goods (FMCG)

FMCG, or fast-moving consumer goods, are consumer packaged products that are sold at a relatively low cost and have a quick turnover. These goods are characterized by high consumer demand, perishability, frequent purchase, and rapid consumption due to their short shelf life. The global FMCG market size was valued at US\$ 11,490 billion in 2021 and is projected to reach US\$ 18,939 billion by 2031, registering a CAGR of 5.1%<sup>65</sup>.

## Ramez Group

The group's establishment began in the mid-1980s in Saudi Arabia and currently operates 33 retail stores across Gulf and Asian countries, including 8 stores in Bahrain. It holds various companies such as Ramez International, Ramez Industrial, Ramez Real Estate, Ramez for contracting, Golden Chain Distribution, and Perfect Supply. In addition, the company owns factories in the Hidd industrial area for paper converting, aluminium and plastic forming, sugar, spices, and grains. The group's retail stores offer a wide range of products including fruits, vegetables, food & beverages, meat, personal care items, sports equipment, home decoration, toys, baby tools, and home appliances. The GCC region is the primary market for Ramez, and has expanded its presence to include Thailand. Ramez actively contributes to social charities and national programs aimed at improving human welfare.

## Industrial Machinery

Manufacturers in the industrial machinery and equipment sector design, produce, and assemble a wide variety of products ranging from small-scale machinery to industrial components and tools for industrial applications. The product range includes tools and fabrication equipment, parts and hardware, and facility equipment. The top industrial machinery producing countries are China, Germany and Japan<sup>66</sup>.

## Bahrain Fiberglass International (BFG)

BFG has been a global leader and pioneer in composite design, engineering and manufacturing, and 15 production facilities worldwide. The company caters to six sectors, namely architecture and infrastructure, transportation, corrosion engineering and process equipment, wind and renewable energy, environmental systems, and leisure and recreation. BFG has fabrication facilities in Bahrain, France, Spain, USA, Brazil, China, India, the Philippines and South Africa. The company specializes in composite manufacturing processes including open contact moulding, resin transfer moulding, vacuum infusion, press moulding, painting, tool making, and systems irrigation<sup>67</sup>.

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<sup>64</sup> [Bahrain News Agency: Tamkeen Support United Paper Industries: 2022](#)

<sup>65</sup> [Allied Market Research: FMCG Market: 2023](#)

<sup>66</sup> [Statista: Machine tool producers: 2021](#)

<sup>67</sup> [BFG International: About Us](#)

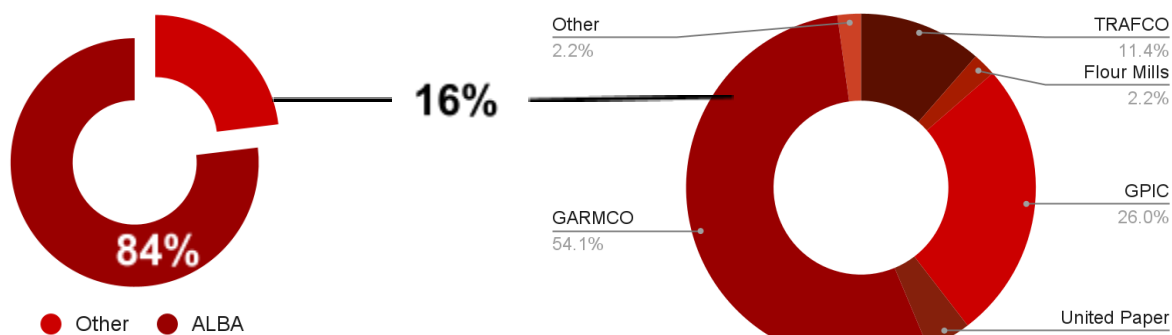
The company was incorporated in 1975 in the Mina Salman Industrial Area. BFG has contributed its composites towards the making of the TGV in France, Al Fateh Grand Mosque in Bahrain, Manila Yacht Club in the Philippines, and the KAFD World Trade Centre in Saudi Arabia. Additionally, the company has a Research & Development centre in Strasbourg that works in partnership with universities, laboratories and designers to develop new wastewater treatment technologies. BFG was awarded the ISO 9001:2000 in 2001 and upgraded to ISO 9001:2008 in 2009. In 2011, the company achieved the IRIS certification in the rail industry and the German standard DIN 6701-2 for manufacturing adhesive bonds on rail vehicles.

Since 2009, BFG India has been the region's foremost manufacturer of FRP composite products and structures, serving international rail and wind energy customers as well as a range of leading domestic manufacturers. BFG India's clients include Alstom, Bombardier, Volvo, GE Energy, Gamesa and Bechtel. The company has a highly skilled workforce of nearly 200 and a 6,000sq m workshop with state of the art facilities.

### Contribution of Bahrain's top manufacturers to GDP (2021)

- Alba contributed US\$ 4.2 billion to Bahrain's manufacturing GDP<sup>68</sup>
- Followed by GARMCO with a contribution of US\$ 450 million<sup>69</sup>
- GPIC contributed US\$ 216 million<sup>70</sup>
- TRAFCO's contribution amounted to US\$ 94.7 million, and the company holds entities such as Awal Dairy, Bahrain Water Bottling & Beverages, Bahrain Fresh Fruits, Trafco Logistics, and Kuwait Bahrain Dairy<sup>71</sup>.
- Bahrain Flour Mills contributed US\$ 18.2 million<sup>72</sup>
- United Paper Industries contributed US\$ 3 million<sup>73</sup>.

Figure 11: Contribution of Bahrain's manufacturing companies to the GDP (2021)



Source: Alba, Nogaholding, Trafco, Delmon Poultry, Bahrain Steel, Bahrain Bourse: 2021

<sup>68</sup> [Alba Smelter: Financial Statements: 2021](#)

<sup>69</sup> [GARMCO: Profile: 2021](#)

<sup>70</sup> [Issuu: GPIC Annual Report: 2021](#)

<sup>71</sup> [TRAFCO: Annual Report: 2021](#)

<sup>72</sup> [Bahrain Flour Mills: Financials: 2021](#)

<sup>73</sup> [United Paper Industries: Financial Statements: 2021](#)

Table 5: Summary of manufacturing facilities in Bahrain and their Global presence

Name of Company	Production Capacity	Capital Expenditure	GCC Facilities	Global Branches	E-commerce
<b>Aluminium Industry</b>					
Aluminium Bahrain B.S.C	1.6 million tonnes p.a	N/A	No	1 facility	No
Gulf Aluminum Rolling Mill	165,000 tonnes p.a	N/A	No	1 facility	No
Aluminium Downstream Park	540,000 metric tonnes p.a	N/A	No	1 facility	No
<b>Crude Oil/ Petroleum</b>					
Bahrain Petroleum Company	109.5 million barrels p.a	N/A	No	1 facility	No
<b>Steel/ Iron Ore</b>					
Bahrain Steel B.S.C	12 million metric tonnes p.a	US\$ 3.5 billion	Yes	2 facilities	No
<b>Petrochemical</b>					
Gulf Petrochemical Industries Co.	1.5 million tonnes p.a	N/A	No	3 facilities	No
<b>Chemical</b>					
BASF Plastic Additives Middle East W.L.L	42,000 tonnes p.a	N/A	Yes	124 facilities	Yes
<b>Food and Beverages</b>					
Mondelez Bahrain Biscuits W.L.L	45,000 tonnes p.a	US\$ 90 million	Yes	133 facilities	Yes
Awal Dairy Company W.L.L	200,000 metric tonnes p.a	N/A	Yes	43 facilities	No

Arla Foods W.L.L	80,000 tonnes p.a	US\$ 63 million	Yes	43 facilities	No
Bahrain Flour Mills Co. B.S.C	36,500 tonnes p.a	N/A	No	1 facility	No
<b>Plastic and plastic products</b>					
Gulf Plastic Industries W.L.L	N/A	N/A	No	1 facility	No
<b>Jewellery</b>					
Al Zain Jewellery	N/A	N/A	Yes	13 boutiques	Yes
Devji Aurum	N/A	US\$ 21.2 million	Yes	12 boutiques	Yes
<b>Paper and paper products</b>					
United Paper Industries B.S.C	7,000 tonnes p.a	N/A	No	1 facility	No
<b>Fast Moving Consumer Goods</b>					
Ramez Group	N/A	N/A	Yes	33 stores	Yes
<b>Cement</b>					
Falcon Cement Company B.S.C	1.2 million tonnes p.a	US\$ 22.5 million	No	1 facility	No
UltraTech Cement Limited	N/A	N/A	Yes	23 integrated units, 29 grinding units, 8 packaging units	No
<b>Industrial Machinery</b>					
BFG International	N/A	N/A	No	15 facilities	No

\*N/A - Not Available

## Major markets for Bahrain's manufacturing sector

### Local market

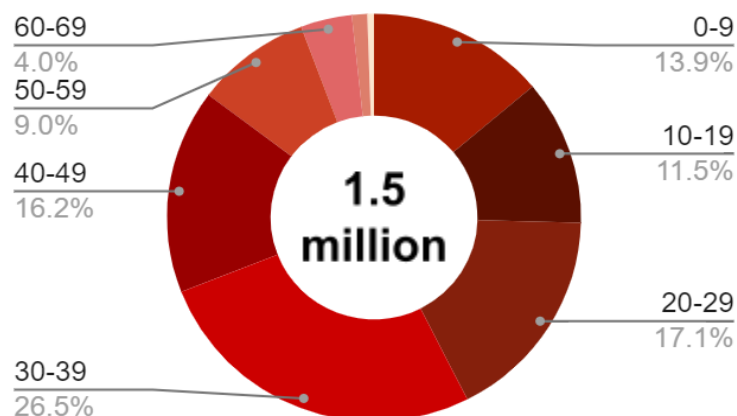
Bahrain's population as of 2023 is 1.86 million and is dominated by a relatively young group, falling in the age group of 25-39 years<sup>74</sup>. The median age in Bahrain is 32.5 years. Younger

<sup>74</sup> [Worldometers: Bahrain Population: 2023](#)



consumers tend to have different shopping habits and preferences compared to older consumers, and retailers can capitalize on this in order to gain an advantage.

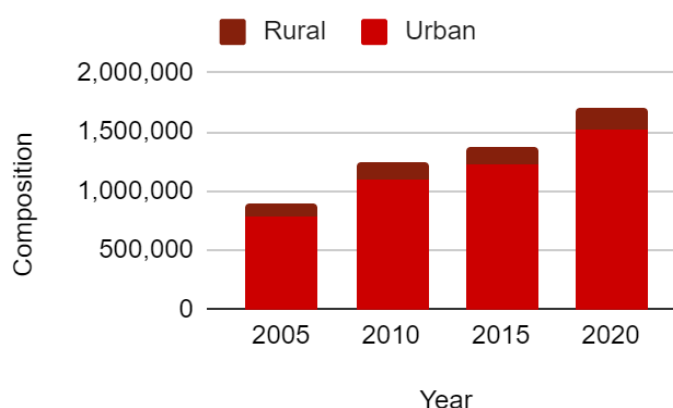
**Figure 12: Structure of Bahrain's population in 2020<sup>75</sup>**



Source: Wikipedia: Demographics of Bahrain: 2020

According to the World Bank, Bahrain's urban population as of 2021 is approximately 90% of the total population, while the remaining population live in rural areas<sup>76</sup>. The high urbanization rate is partly due to the country's small size and high population density of 2,239 people per kilometer<sup>2</sup>. The capital city of Manama is the largest and most populous city of Bahrain, followed by Muharraq, the second largest city in Bahrain.

**Figure 13: Urban and rural composition of Bahrain over the years<sup>77</sup>**



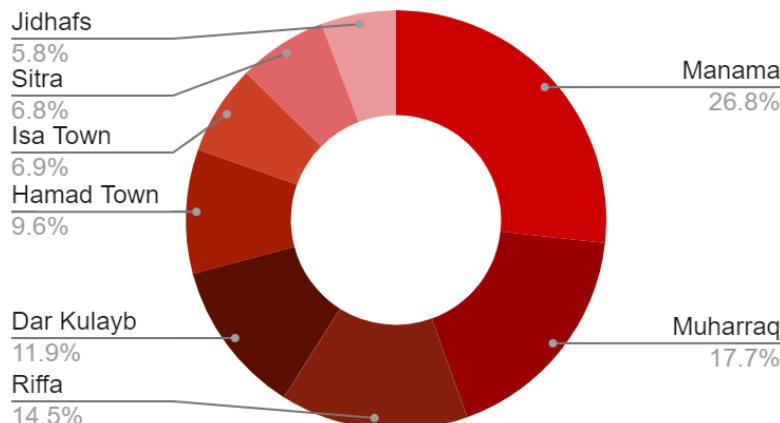
Source: Worldometers: Bahrain Demographics: 2020

<sup>75</sup> [Wikipedia: Demographics of Bahrain: 2020](#)

<sup>76</sup> [The World Bank: Urban Population of Bahrain: 2021](#)

<sup>77</sup> [Worldometers: Bahrain Demographics: 2020](#)

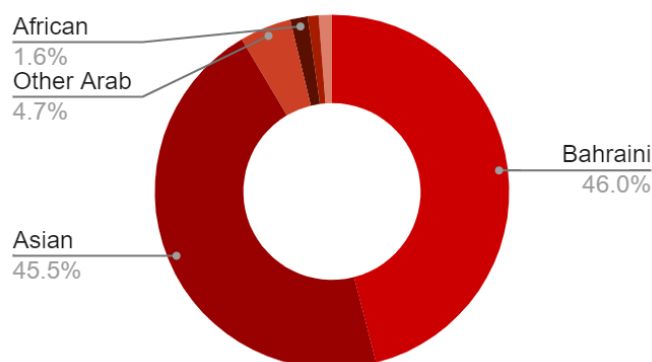
**Figure 14: Population of the main cities in Bahrain (2020)**



Source: Worldometers: Bahrain Demographics: 2020

Bahrain is a country characterized by its diverse population, encompassing various ethnic and cultural groups. The majority of the population consists of Bahraini nationals. Alongside them, there are significant communities of expatriates from India, Pakistan, Bangladesh, and other South Asian countries, as well as Arab expatriates hailing from other GCC countries. Western expatriates, primarily from the US, UK, and Europe, also form a smaller portion of the population. Additionally, there are communities of African and East Asian expatriates residing in the country. Arabic serves as the official language of Bahrain and is spoken by the nationals. However, due to the substantial expatriate presence, English is widely spoken too.

**Figure 15: Ethnic groups composition in Bahrain (2020)<sup>78</sup>**



Source: The Odora: Bahrain People: 2020

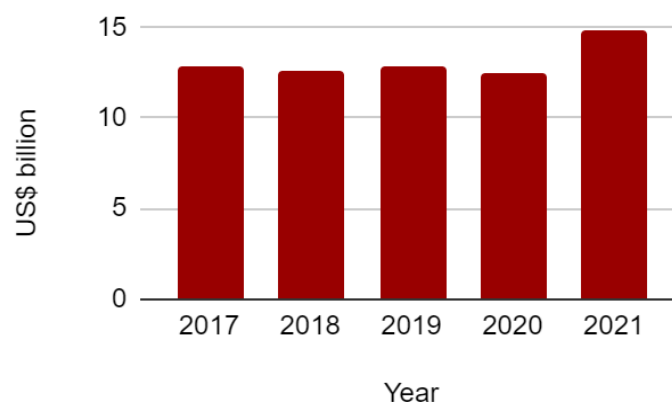
The Bahrain retail market was valued at US\$ 5.8 billion in 2019 and is forecasted to reach US\$ 10 billion by 2025. Factors such as higher disposable income and consumer inclination towards the retail sector drives the market growth<sup>79</sup>. The retail industry is fueled by consumer demand,

<sup>78</sup> [The Odora: Bahrain People: 2020](#)

<sup>79</sup> [Globe News Wire: Bahrain Retail Market Report: 2021](#)

growth of tourism, and the expanding population. Bahrain's retail market is characterized by intense competition, as both local and international retailers strive to capture a share of the market. The consumer spending in Bahrain showed a massive growth of 18.9% with a value of US\$ 14.9 billion in 2021, when compared to 2020 with a value of US\$ 12.5 billion.

**Figure 16: Consumer spending in Bahrain over the years<sup>80</sup>**



Source: Trading Economics: Bahrain Consumer Spending: 2021

## Exports

The export sector of Bahrain is analysed in Sector C of the report.

## Enterprises

Micro, Small and Medium Enterprises (MSMEs) are businesses that maintain revenue, assets, or a number of employees below a certain threshold. SMEs play an important role in the economy as they outnumber large firms, employ vast numbers of people, and are generally entrepreneurial in nature, helping to shape innovation. According to the Ministry of Industry and Commerce in Bahrain, the number of employees and the organization's annual turnover decides the size of an organization.

**Table 6: Categorization of MSME in Bahrain<sup>81</sup>**

Category	Micro	Small	Medium
Number of employees	Up to 5	6 to 50	51 to 100
Annual turnover (BHD)	≤ 50,000	50,001 to 1,000,000	1,000,001 to 3,000,000

Source: Ministry of Industry and Commerce: SMEs Definition

<sup>80</sup> [Trading Economics: Bahrain Consumer Spending: 2021](#)

<sup>81</sup> [Ministry of Industry and Commerce: SMEs Definition](#)

The Bahrain Small and Medium Enterprises Society (BSMES) works with a range of entrepreneurs, existing business partners, industry contracts, and established authorities to develop the MSME sector in Bahrain. The SMEs Development Board (SDB) was established in 2017, aiming to strengthen startups and SMEs capacities in order to boost their competitiveness in domestic, regional and global markets. An integrated tasks plan has been established for 2022-2026 in order to track initiatives prioritized under five strategic themes namely access to finance, access to market, streamline business environment, skill development, and foster innovation. The initiatives target three key performance indicators such as increasing the contribution of SMEs to Bahrain's GDP, increasing the contribution of SMEs to exports, and to increase the number of Bahrainis working in SMEs.<sup>82</sup> The initiatives provided to SMEs in Bahrain are mentioned in Appendix 2.

**Table 7: SMEs in the manufacturing sector of Bahrain**

Company	Brief
<b>Thermoplastic</b>	
Zayani Polymer Factory W.L.L. <sup>83</sup>	The Zayani Polymer Factory is a venture of J.A. Zayani & Sons Group, which produces polypropylene woven sacks, polyethylene greenhouse sheets, and construction rolls.
Polycon Bahrain W.L.L. <sup>84</sup>	Established in 2003 in partnership with Al Nasser Industrial Group of UAE, the company produces polyethylene water storage tanks.
<b>Raw Materials</b>	
Al Abbas Tiles Product Factory <sup>85</sup>	The Al Abbas Group was established in 1976 and is owned by Hasan Ahmed Abbas. Located in Jaww, the manufacturing facility produces concrete cable tiles.
Al Khamis Blocks and Gulf Readymix Concrete <sup>86</sup>	Situated in Ma'ameer, Al Khamis Block Factory has been manufacturing for over 50 years alongside its sister company, Gulf Readymix Concrete Factory.
<b>Aluminium and Glass</b>	
Alyusuf Holdings <sup>87</sup>	Alyusuf Holdings has a number of divisions namely Alyusuf Aluminium Factory W.L.L., Alyusuf Thermo Glass W.L.L., and Alyusuf Glass & Mirrors W.L.L.
<b>Paper and paper products</b>	
Wadi Al Salam Tissue	Established in 2009, Wadi Al Salam produces tissue, plastic, and

<sup>82</sup> [Ministry of Industry and Commerce: SMEs Development Board](#)

<sup>83</sup> [Zayani Polymer: Home](#)

<sup>84</sup> [Polycon Bahrain: Home](#)

<sup>85</sup> [Al Abbas Tiles Product Factory: Home](#)

<sup>86</sup> [Al Khamis: Home](#)

<sup>87</sup> [Alyusuf Holdings: Home](#)

and Foodstuff Company W.L.L. <sup>88</sup>	soap through its main flagship brands, Huroof and Arkaam.
Box Makers W.L.L. <sup>89</sup>	Box Makers is a print and paper-based packaging company located in Hidd, specializing in corrugated cartons and paperboard boxes.
<b>Textile</b>	
Raha Textile Industry <sup>90</sup>	Established in 2016, Raha Textile manufactures pillows, mattresses, and protectors.

Source: Websites of Zayani Polymer, Polycon Bahrain, Al Abbas Tiles Product Factory, Al Khamis Blocks, Alyusuf Holdings, Wadi Al Salam, Box Makers, and Raha Textile Industry

The Bahrain Development Bank (BDB) commenced its operations in 1992 as a specialist bank, focused on financing and development of SMEs, in addition to encouraging and supporting the entrepreneurship activities in Bahrain. The bank provides customized financial solutions, including loans, equity investments, and guarantees, to cater to the unique requirements of entrepreneurs and SMEs. It focuses on key sectors that hold strategic significance for Bahrain's economy, such as manufacturing, services, and technology-driven industries. Alongside financial support, the BDB extends advisory and consultancy services to assist businesses in enhancing their competitiveness and operational efficiency. Moreover, the bank actively collaborates with both local and international partners to cultivate a conducive environment for businesses, fostering innovation and facilitating knowledge transfer<sup>91</sup>.

## Stock Exchange

Established in 1987 and re-established in 2010, Bahrain Bourse (BHB) is a self-regulated multi-asset marketplace, and offers its investors, issuers, and intermediaries a comprehensive suite of exchange related facilities including offering listing, trading, settlement, and depository services for various financial instruments. It is the national stock exchange of Bahrain. As of 2022, the market capitalization of the Bahrain Bourse is US\$ 30.2 billion and has 43 listed companies<sup>92</sup>. Additionally, the company has an SME listing platform known as the Bahrain Investment Market (BIM). BIM is an innovative equity market that was designed to enable fast-growing countries in Bahrain, the GCC, and wider MENA region to obtain growth capital through direct offering. It offers a relaxed regulatory framework with easier disclosure and minimal admission requirements, as well as enables companies to transition from the BIM to the regular market. The eligibility criteria for listing a company on BIM is mentioned in Appendix 3.

<sup>88</sup> [Wadi Al Salam: Home](#)

<sup>89</sup> [Box Makers: Home](#)

<sup>90</sup> [Raha Textile Industry: Home](#)

<sup>91</sup> [Bahrain Development Bank: Home](#)

<sup>92</sup> [Sustainable Stock Exchange Initiative: Bahrain Bourse](#)

## Country dependency on import of raw materials, resources and sourcing

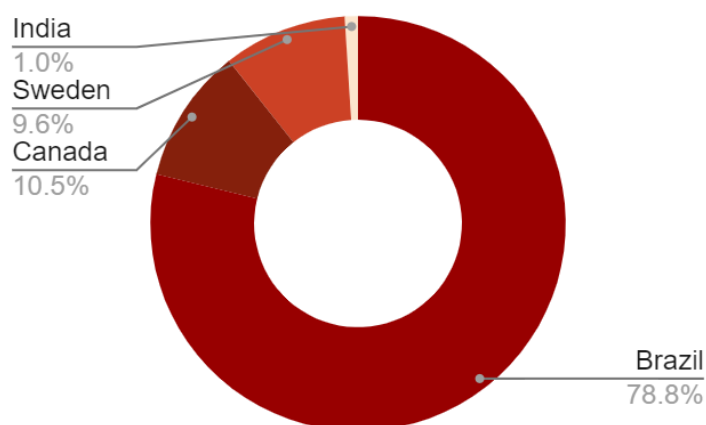
### Ministry of Interior - Customs Affairs

The Ministry of Interior- Customs Affairs provides a competitive and fair regional administration by providing a safe and secure movement of trade and travel while enhancing the economic contribution. The Ministry protects and safeguards the country from prohibited items and imposing censorship on restricted items. Ultimately, this enhances the flow of legitimate travel & trade and contributes to securing the land, air and seaports. In line with the policies aimed at modernization, the Customs Affairs Strategy 2021-2024 was created to ensure harmony.

### Iron Ore

Iron, the fourth most prevalent element in the Earth's crust and the second most abundant metal, makes up around 5% of the crust. It is a chemically reactive metal that forms compounds with other elements in rocks and soils and is primarily found in iron-oxide ores. Bahrain sources iron ore raw material from countries such as Brazil, Chile, Canada and Europe. Brazil accounted for the largest import value at US\$ 685 million in 2020. The country imports around 13.7 million wet metric tonnes annually.

**Figure 17: Origins of Bahrain's iron-ore import<sup>93</sup>**



Source: OEC World: Bahrain's Imports & Exports: 2020

<sup>93</sup> [OEC World: Bahrain's Exports, Imports](#)

**Figure 18: Bahrain's quarterly imports of iron-ore in 2022<sup>94 95 96 97</sup>**

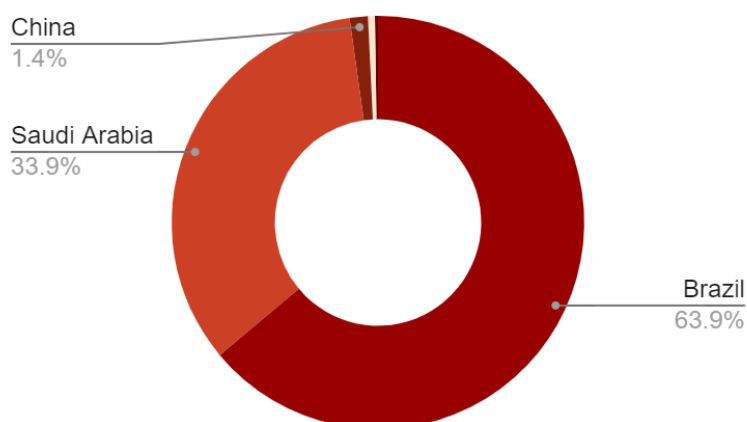


Source: Information & eGovernment Authority: Bahrain's Exports & Imports: Q1, Q2, Q3, Q4 2022

## Aluminium Oxide

Aluminium is the most abundant metal in the earth's crust as it makes up 8% of the crust. Bauxite is a mixture of hydrated aluminium oxide. Bauxite is purified into a white powder from which aluminium can be extracted. In 2020, the imports were obtained from Brazil, Saudi Arabia, China, Italy, and other countries.

**Figure 19: Origins of Bahrain's aluminium oxide imports<sup>98</sup>**



Source: OEC World: Bahrain's Imports & Exports: 2020

<sup>94</sup> [Information & eGovernment Authority: Bahrain's exports & imports: Q1 2022](#)

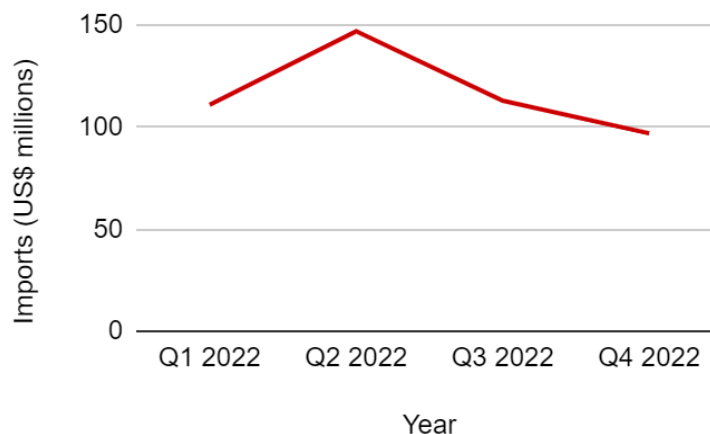
<sup>95</sup> [Information & eGovernment Authority: Bahrain's exports & imports: Q2 2022](#)

<sup>96</sup> [Information & eGovernment Authority: Bahrain's exports & imports: Q3 2022](#)

<sup>97</sup> [Information & eGovernment Authority: Bahrain's exports & imports: Q4 2022](#)

<sup>98</sup> [OEC World: Bahrain's Exports, Imports](#)

**Figure 20: Bahrain's quarterly imports of aluminium oxide<sup>99 100 101 102</sup>**

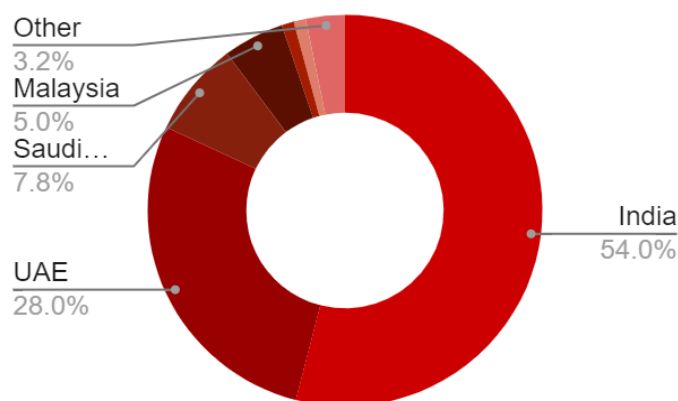


Source: Information & eGovernment Authority: Bahrain's Exports & Imports: 2022

## Refined Petroleum

In 2021, Bahrain procured refined petroleum products worth US\$ 466 million through imports. The majority of these imports originated from India, with the UAE, Saudi Arabia, Malaysia, Japan, and Oman being subsequent sources. Bahrain imports refined petroleum products to fulfill its increasing domestic energy requirements and cater to the transportation, power generation, and industrial sectors, encompassing gasoline, diesel, jet fuel, and fuel oil.

**Figure 21: Origins of Bahrain's refined petroleum imports<sup>103</sup>**



Source: OEC World: Bahrain's Imports & Exports: 2021

<sup>99</sup> [Information & eGovernment Authority: Bahrain's exports & imports: Q1 2022](#)

<sup>100</sup> [Information & eGovernment Authority: Bahrain's exports & imports: Q2 2022](#)

<sup>101</sup> [Information & eGovernment Authority: Bahrain's exports & imports: Q3 2022](#)

<sup>102</sup> [Information & eGovernment Authority: Bahrain's exports & imports: Q4 2022](#)

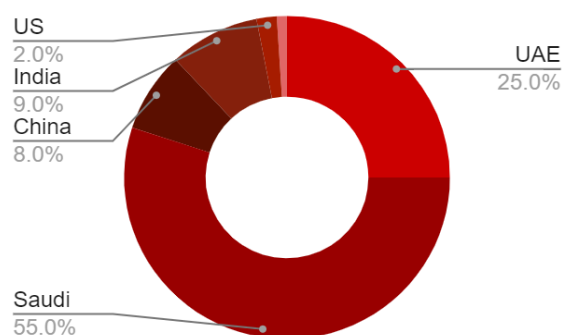
<sup>103</sup> [OEC World: Bahrain's Exports, Imports](#)



## Food, Beverages & Tobacco

In 2021, Bahrain recorded imports of food and beverages worth US\$ 548 million. Baked goods represented 15% of the total value, while edible preparations and chocolate each accounted for 8.3%, rolled tobacco for 8.1%, meat for 5.5%, and fruit juice for 4.4%. Despite the health risks associated with tobacco use, the industry remains a significant source of revenue. However, Bahrain has implemented policies to discourage tobacco use and promote public health, such as imposing taxes on tobacco products, limited access, and anti-smoke campaigns.

**Figure 22: Origins of Bahrain's food, beverage & tobacco imports<sup>104</sup>**

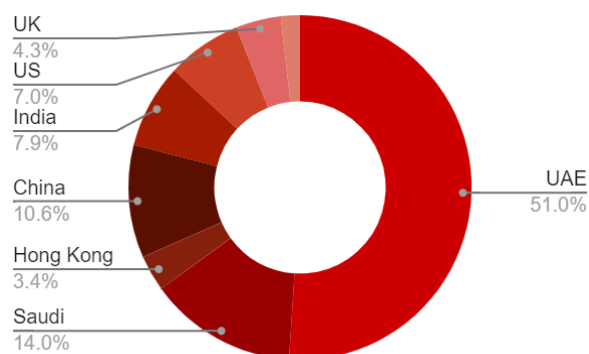


Source: OEC World: Bahrain's Imports & Exports: 2021

## Machinery

Bahrain imported machinery worth US\$ 2.57 billion in 2021, with broadcasting equipment accounting for 13.5% of the total value, computers at 9%, insulated wires at 6.6%, valves at 6%, gas turbines at 6%, liquid pumps at 3.7%, and air conditioners 3.6%. These imports come from countries such as the UAE, Saudi Arabia, China, India, US, Hong Kong and UK.

**Figure 23: Origins of Bahrain's machinery imports<sup>105</sup>**



Source: OEC World: Bahrain's Imports & Exports: 2021

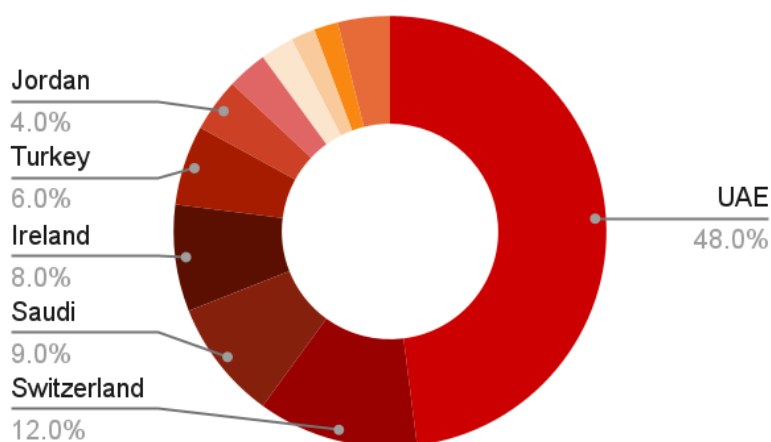
<sup>104</sup> [OEC World: Bahrain's Exports, Imports](#)

<sup>105</sup> [OEC World: Bahrain's Exports, Imports](#)

## Pharmaceutical medicaments

Bahrain imported packaged medicaments with a value of US\$ 239 million in 2021. These products were imported largely from the UAE, followed by Switzerland, Saudi Arabia, Ireland, Turkey, Jordan, India, the Netherlands, and France. Bahrain relies on imports to meet its domestic demand for pharmaceuticals. The country has a growing population with a significant demand for healthcare, and importing pharmaceuticals ensures that the country has enough medicines to meet the needs of its population.

**Figure 24: Origins of Bahrain's pharmaceutical medicaments imports<sup>106</sup>**



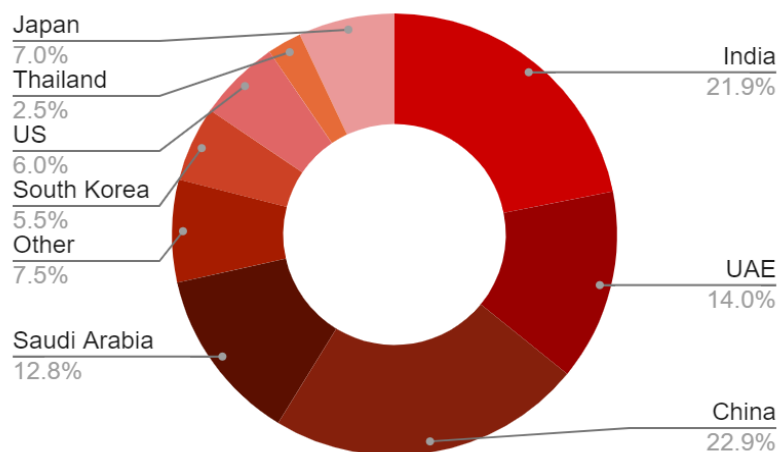
Source: OEC World: Bahrain's Imports & Exports: 2021

## Plastics & Rubbers

Bahrain imported plastic and rubber products with a value of US\$ 522 million in 2021, with polyacetals accounting for 21% of the total value, vinyl chloride polymers at 8.5%, rubber tires at 7.9%, plastic lids at 7%, and plastic housewares at 7%. These products are imported from China, India, UAE, Saudi Arabia, Japan, South Korea, Thailand and the US. Bahrain imports plastic for a variety of uses in its industrial, commercial, and consumer sectors. The main types of plastic products imported include plastic plates, sheets, film, foil, as well as plastic tubes and pipes. Rubber is used in various industrial applications, including construction, automotive, and manufacturing. The main types of rubber products imported include natural rubber, synthetic rubber, and rubber products such as tires, tubes, and hoses. Additionally, the importing of goods grants Bahrain access to high-quality and specialized products that may not be available locally.

<sup>106</sup> [OEC World: Bahrain's Exports, Imports](#)

**Figure 25: Origins of Bahrain's plastic and rubber imports<sup>107</sup>**



Source: OEC World: Bahrain's Imports & Exports: 2021

The Kingdom of Bahrain imported a number of products in 2022 such as four wheel drive cars, parts of aircraft engines and gold ingots. The country has a number of trading partners and has developed cordial relations with Australia, Japan, Saudi Arabia, China, United States, United Arab Emirates, Germany and the United Kingdom through its foreign trade. The customs procedure for the import of goods from Bahrain have been mentioned in Appendix 4.

<sup>107</sup> [OEC World: Bahrain's Exports, Imports](#)

## SECTOR B: BAHRAIN AS A DESTINATION FOR MANUFACTURING

The global manufacturing sector has undergone significant changes in recent years, driven by advances in technology, changes in global supply chains, and increasing competition. Some of the major manufacturing countries in the world include China, the US, Japan, Germany, South Korea, and India. Global economic activity in 2022 was estimated at a 3.4% growth rate, with projections of an economic growth of 2.9% for 2023, according to the International Monetary Fund (IMF)<sup>108</sup>.

The GCC economies posted growth in 2022, aided by improvements in the non-oil sector as well as rising oil prices. According to the IMF, GCC economies are estimated to have grown by 6.5% in 2022. The World Bank's 2023 economic growth projection of the six-member GCC is estimated at 3.2%. GCC GDP growth is expected to outperform the wider Middle East and North Africa region. All the Gulf states have embarked on economic transformation plans to diversify income sources away from hydrocarbons, with varying degrees of success. The UAE is among the most diversified economies in the region, with Dubai seen as a regional tourism and trade hub. The UAE economy, the GCC's second biggest, is forecast to grow at 3.3% in 2023. The fastest growing economy within the GCC in 2023 is projected to be Oman, with an estimated growth of 4.3%<sup>109</sup>. Qatar's GDP growth is expected to be 2.7% in 2023<sup>110</sup>, while Bahrain is expected to grow by 3%. Kuwait is set to register the slowest pace of growth among in the GCC in 2023, with a rate of 2.4%<sup>111</sup>.

Bahrain's manufacturing sector contribution towards its GDP grew by 4.9% in 2022 when compared to 2021, and contributed 14% overall to the country's GDP. The dominant sectors were aluminium production, downstream petrochemicals, and plastics. The country has attracted US\$ 921 million in direct investment in the first nine months of 2022 through 66 manufacturing and logistics companies setting up and expanding in Bahrain, through the Economic Development Board<sup>112</sup>. The country's manufacturing sector is export oriented with its products being exported to a number of countries in the GCC region, Asia, and Europe, through its Free Trade Agreements. The Bahraini government has implemented a range of initiatives to support the manufacturing sector, including providing land, infrastructure, and financial incentives to encourage investment and innovation. Additionally, Bahrain has a supportive regulatory environment and a highly skilled workforce.

The report examines the factors that the manufacturing sector relies on in order to establish and grow their businesses. Factors are the necessary means required to undertake the manufacturing and are commonly known as the factors of production. The factors that have been taken into account are land, infrastructure, location, labour, technology, market, standards and competitiveness.

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<sup>108</sup> [Ministry of Finance and Economy: Economic Report: 2022](#)

<sup>109</sup> [Zawya: Economic growth in GCC: 2023](#)

<sup>110</sup> [Zawya: Qatar's GDP growth: 2023](#)

<sup>111</sup> [Zawya: Kuwait's GDP growth: 2023](#)

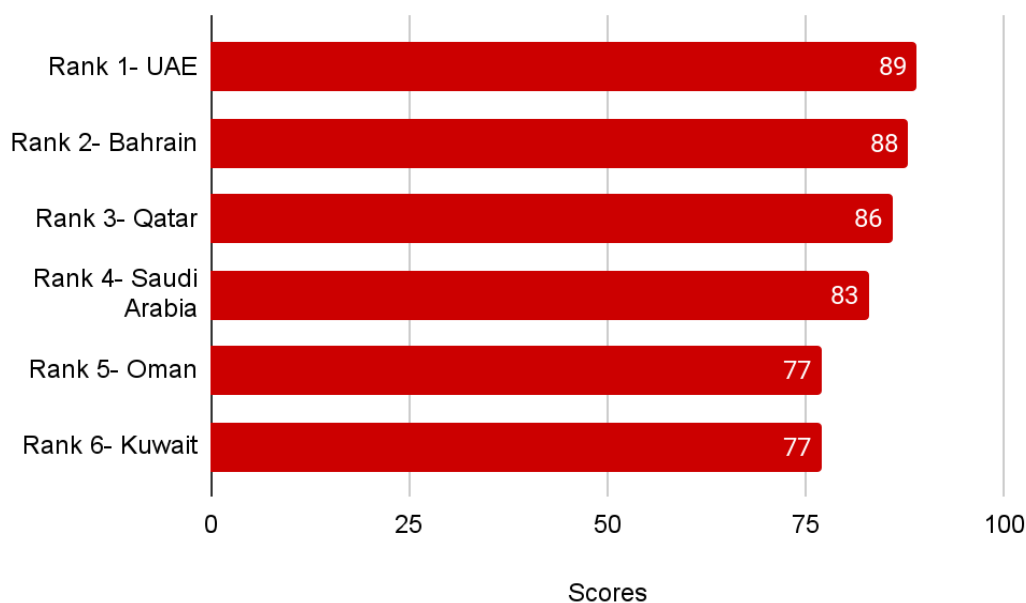
<sup>112</sup> [Economic Development Board: Bahrain attracts direct investment: 2022](#)

## GCC competitiveness

The GCC's economic stability and competitiveness have long relied on the manufacturing sector, which plays a vital role in the global economy. This sector is known for its strong interdependence with infrastructure, supply chains, logistics networks, and the labour market. In the current era, it is crucial for hydrocarbon-producing markets to shift their focus towards identifying fresh prospects and generating employment opportunities beyond oil-related industries. In response to this challenge, Gulf countries have formulated distinct Economic Vision 2030 strategies.

The strategic positioning of the GCC countries between Asia, Europe, and Africa is a key factor contributing to their manufacturing advantage, as it grants them convenient access to ports and airports. Another strength of the GCC lies in its abundant natural resources, which have been utilized to develop the region's infrastructure, including logistic hubs, seaports, airports, and manufacturing and industrial free zones. Notably, substantial advancements have been made in enhancing the business environment for manufacturers, leading to the attraction of major international manufacturing companies to establish a presence in the region. Furthermore, the GCC has prioritized the development of its human capital to support the growth of the manufacturing sector, resulting in the availability of a skilled workforce that manufacturing companies can tap into.

**Figure 26: Scorecard of the manufacturing dimensions for GCC countries**



Source: Assure Consulting analysis and various published reports  
(Refer to Appendix 5 for details)

Table 8: Competitiveness between the GCC countries in different sectors

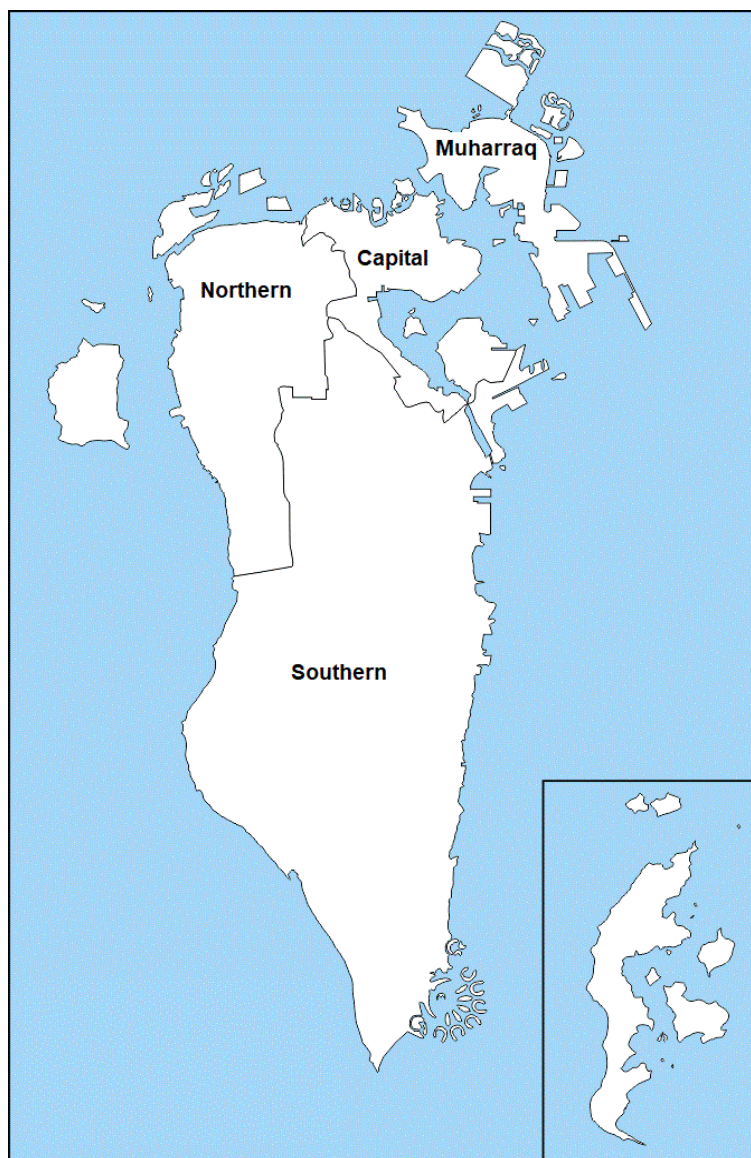
Dimension	Bahrain	Saudi Arabia	UAE	Oman	Kuwait	Qatar
<b>FINAL SCORE</b>	<b>88</b>	<b>83</b>	<b>89</b>	<b>77</b>	<b>77</b>	<b>86</b>
<b>SCORECARD</b>						
<b>Supply chain</b>	73	78	100	66	70	84
<b>Regulatory</b>	96	76	88	76	80	80
<b>Costs</b>						
Cost of Labour	100	92	70	89	94	93
Cost of Water supply	55	80	50	9	50	100
Cost of Electricity	67	80	50	9	50	100
Cost of Land	39	100	10	32	29	38
<b>Economic conditions</b>	94	89	100	87	83	85
<b>Taxes and incentives</b>	95	87	94	93	95	98
<b>Talent</b>	97	89	99	94	54	94
<b>Technology</b>	95	82	100	79	87	77
<b>WEIGHTS</b>						
<b>Supply chain</b>	25%	25%	25%	25%	25%	25%
<b>Regulatory</b>	20%	20%	20%	20%	20%	20%
<b>Costs</b>						
Cost of Labour	14%	14%	14%	14%	14%	14%
Cost of Water supply	3%	3%	3%	3%	3%	3%
Cost of Electricity	1%	1%	1%	1%	1%	1%
Cost of Land	2%	2%	2%	2%	2%	2%
<b>Economic Conditions</b>	10%	10%	10%	10%	10%	10%
<b>Taxes and incentives</b>	10%	10%	10%	10%	10%	10%
<b>Talent</b>	10%	10%	10%	10%	10%	10%
<b>Technology</b>	5%	5%	5%	5%	5%	5%
<b>Total</b>	100%	100%	100%	100%	100%	100%

## Land

The total land area of Bahrain is approximately 760 square kilometres and is an archipelago of 33 islands. The country is located in the centre of the Arabian Gulf, near the east coast of the Kingdom of Saudi Arabia. The Urban Planning and Development Authority provides a framework for businesses to grow within Bahrain, with its mission to plan land use comprehensively in line with the National Planning and Development Strategy 2030. The

country is divided into four governorates, namely the Northern, Southern, Capital, and Muharraq Governorates.

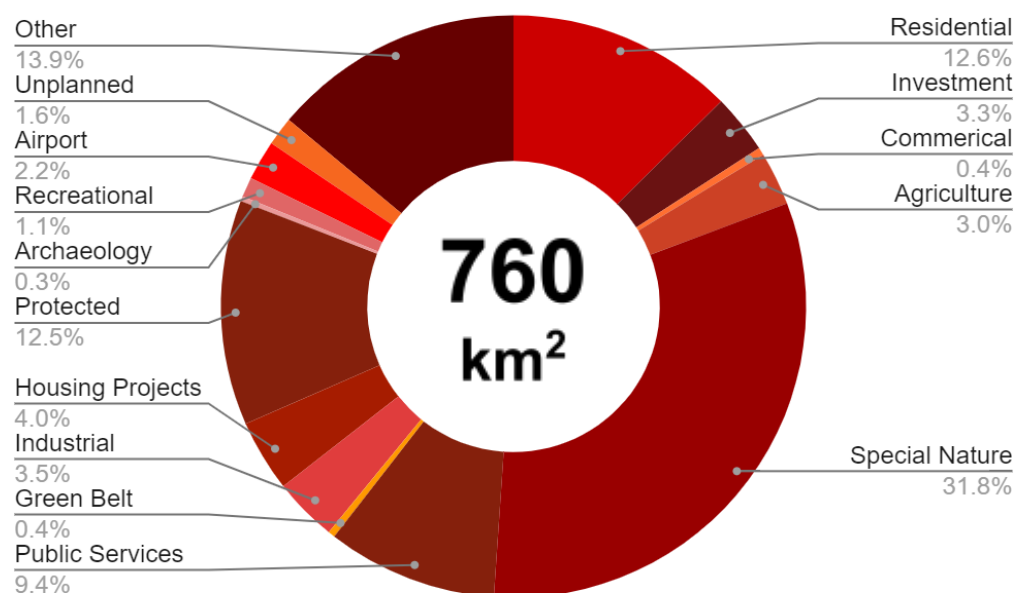
### The Governorates of Bahrain



Division of Bahrain's Land into four governorates - Southern, Northern, Capital and Muharraq  
Source: Urban Planning and Development Authority

The land use of Bahrain as of 2022 is divided into 15 areas with special nature project areas and residential areas being the biggest constituents. Bahrain has allocated areas specifically for industrial and manufacturing companies to be established, these are Al Mazara'a Industrial Park, Sitra Industrial Park, Ma'ameer Industrial Park, Mina Salman Industrial Park, Hafeera Industrial Park, Al-Lhaasay Industrial Park and Salman Industrial City which comprises of the Hidd Industrial Area and the Bahrain International Investment Park (BIIP) (Refer Appendix 6).

**Figure 27: Categories of land use in Bahrain<sup>113</sup>**



Source: Urban Planning & Development Authority: Land Use Statistics: 2022

## Free Trade Zones

A Free Trade Zone (FTZ) is a class of special economic zone where goods may be imported, stored, handled, manufactured, or reconfigured and re-exported under specific customs regulations and are generally not subject to customs duty. Bahrain has three free trade zones.

### Bahrain Logistics Zone (BLZ)<sup>114</sup>

Established in 2008, the Bahrain Logistics Zone (BLZ) stands as the pioneering logistics park in the region, overseen and administered by the Ports and Maritime Affairs department under the Ministry of Transportation and Telecommunications. The BLZ presents a unique opportunity for local, regional, and international enterprises to set up and conduct business seamlessly within a customs bonded area. Conveniently situated alongside the Khalifa Bin Salman Port in Northern Bahrain, it provides an ideal location for companies to establish their operations.

### Bahrain International Investment Park (BIIP)

In 2005, the Bahrain International Investment Park (BIIP) was established as the prime strategic destination within the Kingdom, aimed at attracting multinational corporations as well as export-oriented local businesses to establish their manufacturing and professional service operations in Bahrain. The BIIP, located in Hidd, spans over three million square metres of fully serviced land, strategically positioned in close proximity to the Khalifa Bin Salman port, the

<sup>113</sup> [Urban Planning and Development Authority: Land Use Statistics: 2022](#)

<sup>114</sup> [Ministry of Transportation and Telecommunication: Bahrain Logistics Zone](#)



Bahrain International Airport, and the King Fahd Causeway. It is the ultramodern gateway to the GCC's US\$ 2.1 trillion market.

### **Bahrain International Airport (BIA)**

Situated on Muharraq Island, the Bahrain International Airport serves as the primary operational centre for Gulf Air and serves as a highly efficient distribution hub for global cargo operations.

### **Bahrain's Land advantages over the GCC**

Bahrain offers valuable opportunities for businesses and has great market access to growing Gulf economies and beyond. The country offers low industrial land lease rates with no additional fees or service charge. The industrial land price of leasing in Bahrain is significantly lower when compared to the UAE. Bahrain is the only country in the region that offers 100% foreign ownership in industrial manufacturing and distribution, without free-zone restrictions<sup>115</sup>. Due to the country's area of land being immensely smaller when compared to the rest of the GCC, Bahrain has a huge advantage in being able to reach the regional customer base, industries, airports, and ports quicker.

**Table 9: Approximate cost to lease land in GCC (per month)**

<b>Country</b>	<b>Industrial Park</b>	<b>Monthly cost per sq m</b>
Saudi Arabia	Jeddah 3rd Industrial City <sup>116</sup>	US\$ 0.8
	Riyadh 1st Industrial City	US\$ 1.3
Bahrain	Bahrain International Investment Park (BIIP) <sup>117</sup>	US\$ 2.66
Qatar	Qatar Free Zones, Doha <sup>118</sup>	US\$ 2.75
Oman	Al Mazunah Free Zone, Dhofar <sup>119</sup>	US\$ 3.25
Kuwait	Shuaiba Industrial Zone, Ahmadi <sup>120</sup>	US\$ 3.6
UAE	Jebel Ali Free Zone, Dubai <sup>121</sup>	US\$ 10.9

Source: Average costs according to respective manufacturing park jurisdictions and secondary research

<sup>115</sup> [Economic Development Board Bahrain: Manufacturing Business Opportunities](#)

<sup>116</sup> [MODON: Cost of Industry: Lands: 2022](#)

<sup>117</sup> [Economic Development Board Bahrain: Bahrain International Investment Park](#)

<sup>118</sup> [Qatar Free Zone: Property Fact Sheet: 2021](#)

<sup>119</sup> [Madayn: Rate of services](#)

<sup>120</sup> [Zawya: Prices of industrial plots: 2023](#)

<sup>121</sup> [Jebel Ali Free Zone: Plots of Land](#)

## Infrastructure and location

Bahrain offers convenient access to the GCC market by road, air and sea due to its placement and is backed by advanced and interconnected transport infrastructure.

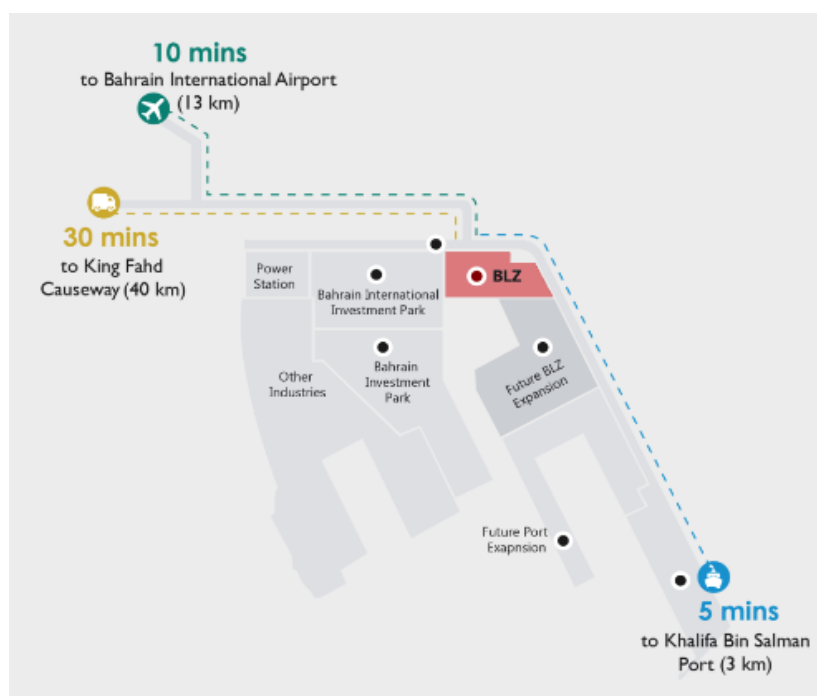
**Road:** The region's largest economy, Saudi Arabia, is a 47 minute drive across the King Fahd Causeway, a bridge connecting the two countries. The causeway is approximately 25 kilometres long and includes a series of bridges and causeways, connecting Khobar, Saudi Arabia, and Al Jasra, Bahrain<sup>122</sup>.

**Air:** The Bahrain International Airport (BIA) underwent a major transformation as a part of the US\$ 1.1 billion Airport Modernization Programme and opened at the beginning of 2021. Bahrain Airport Company (BAC) and FedEx Express have a 10 year contract for the operation of a facility at BIA's new cargo area.

**Water:** The Khalifa Bin Salman Port is Bahrain's only commercial port.

Additionally, leading logistic company DHL has used Bahrain as its base for its Middle East operations since the 1980's.

## Logistical connectivity in Bahrain



Source: Ministry of Transportation and Telecommunications: Bahrain Logistics Zone

<sup>122</sup> [Wikipedia: King Fahd Causeway](#)

## Bahrain's infrastructure advantages over the GCC

Bahrain's strategic location in the Arabian Gulf is a valuable asset, offering close proximity to major economic powerhouses in the region. While Saudi Arabia and the UAE are indeed economic powerhouses, they present greater barriers to entry compared to Bahrain. These countries have a more intricate regulatory environment, characterized by numerous regulations and bureaucratic obstacles that pose challenges for new businesses attempting to enter the market. In contrast, Bahrain provides a more accessible and cost-effective entry point into the GCC market, which is projected to become the world's sixth-largest combined market by 2030. As part of Bahrain's Economic Recovery Plan 2021, the country has announced more than 22 strategic infrastructure projects with a total value exceeding US\$30 billion, including the development of five man-made islands. These ambitious infrastructure endeavours continue to drive growth and vitality in the sector. The government's major projects include:

### Transportation:

- The US\$ 3.5 billion King Hamad Causeway transportation infrastructure project
- The US\$ 2 billion Bahrain Metro project

### Infrastructure:

- Major housing and resort projects estimated at US\$ 2.2 billion
- Road and sewerage infrastructure projects estimated at US\$ 900 million
- The U.S Trade Zone
- The development of five offshore cities off Bahrain's coastline
- The US\$ 222 million Bahrain International Exhibition and Convention Center

### Industry:

- The US\$ 7 billion Bahrain Petroleum Company (BAPCO) modernization & expansion project
- A new US\$ 355 million gas processing plant

### Utilities:

- Electricity and water delivery projects estimated at US\$ 1.1 billion

**Table 10: Time taken to reach airports and seaports<sup>123</sup>**

<b>By Air</b>	<b>Oman</b>	<b>Qatar</b>	<b>Bahrain</b>	<b>Saudi Arabia</b>	<b>UAE</b>	<b>Kuwait</b>
<b>Mumbai</b>	2.2 hours	3.1 hours	3.2 hours	3.2 hours	3.2 hours	3.5 hours
<b>By Sea</b>	<b>Qatar</b>	<b>Saudi Arabia</b>	<b>Bahrain</b>	<b>Oman</b>	<b>UAE</b>	<b>Kuwait</b>
<b>Mumbai</b>	8.3 days	8.7 days	9.3 days	10 days	10 days	16.4 days

Source: Estimations according to respective flight company website and Fluent Cargo

<sup>123</sup> [Fluent Cargo](#)

**Airports:**

Bahrain- Bahrain International Airport, Muharraq  
 Saudi Arabia- King Fahd Airport, Dammam  
 United Arab Emirates- Al Maktoum Airport, Dubai  
 Oman- Muscat International Airport, Muscat  
 Qatar- Hamad International Airport, Doha  
 Kuwait- Kuwait International Airport, Farwaniya  
 Maharashtra- Chhatrapati Shivaji Airport, Mumbai

**Seaports:**

Bahrain- Khalifa Bin Salman Port, Hidd  
 Saudi Arabia- Ad Dammam Port, Dammam  
 United Arab Emirates- Jebel Ali Port, Dubai  
 Oman- Sohar Port, Liwa  
 Qatar- Hamad Port, Mesaieed  
 Kuwait- Shuwaikh Port, Kuwait City  
 Maharashtra- Nhava Seva Port, Mumbai

**Labour**

Bahrain benefits from a highly skilled, well-educated, and bilingual local workforce, comprising approximately 90% of the population. The country has achieved the top rank among GCC nations in terms of computer programming talents, as highlighted by the ITU's report on digital trends in the Arab region in 2020<sup>124</sup>. The country has also been ranked first in MENA in school life expectancy as per the 2021 Global Innovation Index released by the World Intellectual Property Organization (WIPO). Additionally, Bahrain secures the second position in the MENA region and sixth globally in terms of language skills, as revealed by the Expat Insider Survey 2021 conducted by InterNations<sup>125</sup>.

Within Bahrain's labour market, the manufacturing sector holds the position of being the third largest employer, engaging 11% of the private sector's total workforce. The work visa eligibility in Bahrain extends up to the age of 60 years, with the possibility of renewal until the age of 65 years. Bahrain launched the "Golden Residency Visa" in 2022, which is designed to attract investors, benefit businesses, and contribute to quality opportunities for Bahrainis<sup>126</sup>. The qualifications include having resided in Bahrain for at least five years continuously and earning an average basic salary of no less than BHD 2,000 (US\$ 5,305) per month throughout the period. The visa would also be provided to applicants who meet the following criteria:

- Owns one or more properties in Bahrain, valued at no less than BHD 200,000 (US\$ 530,000), or retirees with an income of BHD 4,000 per month
- Be highly talented individuals who meet relevant requirements
- Must reside in the Kingdom for 90 days a year

<sup>124</sup> [Economic Development Board Bahrain: Information and Communications Technology](#)

<sup>125</sup> [Economic Development Board Bahrain: Bahrain Demographics](#)

<sup>126</sup> [Bahrain News Agency: Golden Residency Visa: 2022](#)

The Golden Residency Visa will enhance and promote the continued development of the business and investment-friendly environment that Bahrain is already known for.

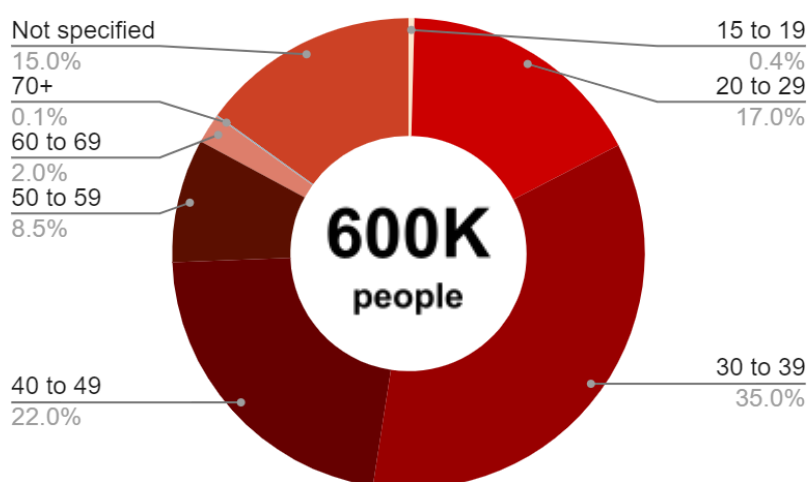
**Table 11: Bahrain's labour force growth over the years**<sup>127</sup>

Category	2019	2020	2021	2022	Total (2022)
Total Employment	-0.3%	-6.8%	-1.6%	9.2%	598,985

Source: Labour Market Regulatory Authority: Bahrain Labour Market Indicators: 2022

As per the LMRA, Bahrain had a total of over 600,000 people employed in 2022. The age group with the highest employment rate in the country is between 30 to 49, with people in the age group of 20 to 29 coming in a close second. This indicates that the bulk of the labour force is made up of relatively young individuals who are likely to be in their prime working years.

**Figure 28: Age group composition of Bahrain's labour force (2022)**<sup>128</sup>



Source: Labour Market Regulatory Authority: Age group sector wise composition: 2022

## Visa for travel

The MOI through the NPRA issues visas for travellers to enter the country through an online application or on arrival into the country. The choice of visa can be granted for a period of two weeks, three months, or a year. The basic requirements for the application of the visa are a valid passport, return ticket, hotel reservation, and bank statement of the individual. This simplified process is one of the reasons for Bahrain's huge tourism sector. The visa costs range from US\$ 23 to US\$ 177 depending on the time period of stay and are lower when compared to other GCC countries. As of 2023, Bahrain has sanctioned 209 countries to be eligible for

<sup>127</sup> [Labour Market Regulatory Authority: Employment: 2022](#)

<sup>128</sup> [Labour Market Regulatory Authority: Age group sector wise composition: 2022](#)

visa-on-arrival into the country. The countries eligible for visa on arrival are mentioned in Appendix 7.

## Bahrain's labourforce advantages over the GCC

The country's estimated average manpower costs for a year in a manufacturing company is significantly lower when compared to the rest of the GCC countries, with the UAE having the highest manpower costs. Bahrain's manpower cost is 9% lower than Saudi Arabia, 43.6% lower than the UAE, 12.8% lower than Oman, 6.2% lower than Qatar, and 7.1% lower than Kuwait.

**Table 12: Estimated average annual manpower costs for a manufacturing company (US\$'000)<sup>129</sup>**

Designation	Bahrain	Saudi Arabia	UAE	Oman	Qatar	Kuwait
<b>Top Management</b>						
CEO	109	111	148	123	116	113
CFO	100	110	145	112	105	108
COO	90	95	137	98	96	99
<b>Middle Management</b>						
General Manager	85	86	117	92	91	86
Finance Manager	84	99	136	106	97	96
Production Manager	81	81	121	92	79	80
Assistant Manager	59	67	82	64	63	63
Supervisor	15	24	29	19	24	23
<b>Operations</b>						
Process Engineer	42	46	57	47	45	41
Mechanical Engineer	23	27	31	24	25	24
Design Engineer	22	25	31	25	21	22
Quality Engineer	36	40	46	41	41	38
Accountant	18	16	21	18	17	19

<sup>129</sup> [Salary Explorer: Average Salary: 2023](#)

<b>Industrial worker</b>						
Technician	16	24	28	19	17	17
Welder	13	14	15	15	13	14
Machine Operator	13	14	16	15	14	14
Unskilled Labour	7	7	7	7	6	6

Average annual salary includes housing, transport and other benefits

Source: Estimations from Salary Explorer: Average Salary: 2023

## Employment localization requirements for the GCC

The high share of expatriate workers in the GCC economies has been a significant source of demographic imbalances. The Workforce Localization programme can be described as the recruitment and development of citizens to increase their employability, thereby reducing the country's dependency on an expatriate workforce.

**Table 13: Localization requirements of the GCC countries**

Country	Local nationals workforce requirement (%)
Bahrain <sup>130</sup>	20-25% of total workforce*
Saudi Arabia	20-35% of total workforce
United Arab Emirates	2-5%**
Oman <sup>131</sup>	35% of total workforce
Qatar <sup>132</sup>	60% of total workforce
Kuwait <sup>133</sup>	25% of total workforce

Source: EDB Bahrain, Pro Partner, I Love Qatar and Zawya

\*100% non-Bahrain workforce is allowed in Bahrain upon paying a fee

\*\*The UAE has a localization requirement of 2-5% if there are more than 50 employees in the company

## Technology

Bahrain was ranked sixth globally in terms of investments in telecommunications based on the World Competitiveness Rankings Report in 2022 published by the International Institute for Management Development (IMD)<sup>134</sup>. It is the first country in the Gulf to liberalise its telecommunications sector. One of the key pillars of Bahrain's Economic Vision 2030 is Digital

<sup>130</sup> [Economic Development Board: Bahrain, an ideal location for manufacturing: 2020](#)

<sup>131</sup> [Pro Partner Group: Omanisation: 2019](#)

<sup>132</sup> [I Love Qatar: Percentage of Qataris: 2020](#)

<sup>133</sup> [Zawya: Kuwaitization: 2022](#)

<sup>134</sup> [Economic Development Board: Technology Innovation & ICT](#)

Transformation and the country has been working towards its goal by leading the world in commercial 5G adoption, offering businesses the chance to work at internet speed up to 20 times faster than regular mobile internet. Bahrain is also the first Gulf country to adopt a nation-wide ‘cloud first’ policy, taking advantage of the Information and Communications Technology opportunities. In 2019, Amazon Web Services (AWS) announced its availability in Bahrain. The AWS is currently available in only two Middle Eastern countries, which are Bahrain and the UAE. Developers, startups, and enterprises, as well as governments, education, and non-profit organisations can make use of AWS services to run applications and leverage advanced technologies such as analytics, database, and serverless to drive innovation<sup>135</sup>.

## **Digital Government Strategy 2022**<sup>136</sup>

In order to achieve the objective of transforming Bahrain’s public and private sectors, the government has undertaken two initiatives namely “The Digital Government Strategy 2022” and “The Government Action Plan”. The core initiatives of these strategies include:

- Digitalizing the activities involved in public services
- Assistance to be provided by Government Service Centre to customers who lack digital knowledge by offering end-to-end digital services

Additionally, the country has signed an agreement with AWS to use advanced technologies like Big Data Analysis to more accurately predict and make smarter decisions with respect to the country’s economy. Bahrain has also introduced an Open Data Portal to provide all official data required for the citizens by making it transparent for investors and businesses to make informed decisions.

## **Emerging Technologies**<sup>137</sup>

Bahrain is emerging as a regional leader in digital transformation and Information & Communication Technology (ICT) due to its infrastructure, advanced legislation and forward-thinking policies. Bahrain has been proportioning huge amounts of resources for further development of the technology sector.

## **Financial Technology**

FinTech is the technology and innovation that aims to compete with traditional methods in the delivery of financial services. It is an emerging industry that uses technology to improve activities in finance. The Central Bank of Bahrain launched a pioneering on-shore FinTech “Regulatory Sandbox” in 2017, enabling companies to test their technology-based solutions for up to a year under supervision. Bahrain’s FinTech Bay is the largest financial technology centre in the Middle East and one of the country’s most important initiatives focusing on investing in innovations such as advanced laboratories, business accelerators and educational opportunities.

<sup>135</sup> [Amazon Web Services: Bahrain: 2019](#)

<sup>136</sup> [Bahrain.bh: Government of Bahrain’s Digital Journey](#)

<sup>137</sup> [Bahrain.bh: Emerging Technologies](#)



### **Open banking**

Open Banking came into force in June 2019 furthering Bahrain's leadership role in the FinTech sector. It is also the first country in the Middle East to adopt open banking, replacing the efforts of global finance hubs. Bahrain's system debuted with the adoption by the National Bank of Bahrain (NBB) of the FinTech Tarabut Gateway's Open Banking infrastructure. The Open Banking framework entails two broad categories of services, the first being account information service, and the second being the payment initiation service. This framework allows customers to have a seamless on-the-go banking experience.

### **Startup accelerator**

The Bahrain Economic Development Board has taken significant steps to support the FinTech industry, attracting foreign direct investment and setting the direction of the industry. Flat6Labs is an accelerator supported by the Labour Support Fund (Tamkeen) to accelerate the launch of both local and international start-ups. It offers mentorship, capital and connections to investors and business partners.

### **Internet of Things (IoT)**

Bahrain was the first GCC country to issue standards for IoT connectivity and support the use of frequency bands for IoT systems within international mobile communications systems. Cellular networks, technologies and platforms play a vital role in IoT and Machine to Machine communications network infrastructure. Accordingly, the country's wireless and fibre networks are arranged to accommodate the use of 5G, which increases internet speed and connectivity. The National Space Science Agency (NSSA) was established in 2018, promoting space science technology and applications in Bahrain in fields such as satellite manufacturing and tracking, earth observation, data image processing and analysis. APM Terminals Bahrain, the operator of Khalifa Bin Salman Port, launched the "Lift" portal, which allows customers to track their goods, check status of shipment, and schedule deliveries. "Marasi" was created to facilitate the clients' access to different port services. In addition, the Ministry of Works uses IoT to automate its irrigation system and the Electricity and Water Authority (EWA) relies on it for distribution automation.

### **Blockchain technology**

The Economic Development Board in cooperation with iGA has developed a National Strategy for Blockchain technology adoption within the public and private sector. The Blockchain Vehicle Registration Project at the General Directorate of Traffic significantly reduces the cost of maintaining basic vehicle data and enables vehicle registrars to obtain accurate and up-to-date vehicle information with greater efficiency and accuracy. The University of Bahrain (UOB) is the first educational institution in the region to award certificates to its graduates through Blockchain technology. This ensures the issuance of certified digital certificates that cannot be falsified and can be easily shared with employers and other universities.

### **eWallet payment solutions**

The major eWallet Solutions in Bahrain include b-wallet by Batelco and AFS, stcPay, Benefit Pay and Max Wallet by Credimax. These solutions fall in line with the country's Vision 2030 goal to become a cashless society.

### **Robotics**

In 2019, the Arab Banking Corporation in Bahrain unveiled "Fatima", the region's first emotionally intelligent digital employee, and Bahrain Islamic Bank (BISB) launched its first virtual employee, "Dana". Kuwait Financial House (KFH) used the "Baitik Assistant" to handle customer loan applications and autonomously create credit reports for applicants.

### **Oil & Gas 4th Industrial Revolution**

The Oil & Gas 4.0 adopts emerging and advanced technologies to transform the manufacturing sector into a connected, information-driven environment through the use of Big Data, AI and IoT solutions.

### **Smart cities**

The country's ICT advancements play a major role in enhancing sustainability, economic viability and citizen well-being. As a result, Bahrain is moving closer to developing smart cities built using advanced digital and engineering technologies to improve the economic and social conditions of residents. The Telecommunication Regulation Authority has applied smart city initiatives such as smart traffic lights and signal sensors.

## **Market**

An increasing number of foreign investors are looking at Bahrain as a viable market destination. The time zone in Bahrain is GMT+3. Bahrain has recorded a US\$ 290 million direct investment in the first three quarters of 2022 into the manufacturing and logistics sector<sup>138</sup>. Expatriates and resident expatriates are allowed to buy freehold property in particular areas in Bahrain such as Juffair, Seef, Amwaj Islands, Reef Islands, Durrat Marina, Durrat Al Bahrain, Riffa Views and Al Areen Residential Development.

### **Free Trade Agreements<sup>139</sup>**

A Free Trade Agreement (FTA) is an agreement between two or more countries where the countries agree on certain obligations that affect trade in goods and services, and protection for investors and intellectual property rights. The FTAs promote imports and exports between countries, stimulate inward flows of investment, and create global partnerships. Bahrain has Free Trade Agreements with 22 countries and Investment Protection & Promotion Agreement with 34 countries.

<sup>138</sup> [Bahrain News Agency: Foreign Direct Investment: 2022](#)

<sup>139</sup> [Economic Development Board: Bahrain Free Trade Agreements](#)

**Countries having FTA with Bahrain**

1. Algeria
2. Egypt
3. Iraq
4. Kuwait
5. Lebanon
6. Libya
7. Morocco
8. Oman
9. Palestine
10. Qatar
11. Saudi Arabia
12. Sudan
13. Syria
14. Tunisia
15. UAE
16. Yemen
17. Iceland
18. Liechtenstein
19. Norway
20. Switzerland
21. US
22. Singapore

**The Greater Arab Free Trade Agreement (GAFTA)**

The Greater Arab Free Trade Agreement is a pan-Arab free trade zone promoting integration and trading in the Arab World. It removes trade barriers and increases intra-regional transactions while promoting transactions within domestic markets. The countries included are Algeria, Bahrain, Egypt, Iraq, Kuwait, Lebanon, Libya, Morocco, Oman, Palestine, Qatar, Saudi Arabia, Sudan, Syria, Tunisia, UAE and Yemen.

**GCC Free Trade Agreement**

The GCC Free Trade Agreement was adopted by the GCC Supreme Council and grants national treatment to all GCC firms and citizens in any other GCC country. The agreement ensures removal of all barriers to cross country investment and trade. The countries included are Bahrain, Saudi Arabia, UAE, Oman, Qatar and Kuwait.

**GCC-Singapore Federal Trade Agreement (GSFTA)**

The GCC-Singapore Federal Trade Agreement allows GCC goods duty-free access to the Singaporean market. It includes trade in goods, customs procedures, rules of origin, trade in services and government procurement. The countries included are Bahrain, Saudi Arabia, UAE, Oman, Qatar, Kuwait and Singapore.

### GCC-EFTA Agreement

In the GCC-EFTA Agreement, industrial goods including fish and other marine products, benefit from duty-free access to EFTA states, while most products imported into the GCC have custom duties eliminated. Additionally, bilateral agreements on agricultural products between the three individual EFTA states and the GCC have been established. The countries included are Bahrain, Saudi Arabia, UAE, Oman, Qatar, Kuwait, Iceland, Liechtenstein, Norway and Switzerland.

### US-Bahrain FTA

Bahrain is the first GCC member and the third Arab country to enter into a Free Trade Agreement with the United States. The agreement carries specific rules of origin for both imports and exports. The traded goods should be made entirely in Bahrain or the US from Bahraini/US materials, or be made in Bahrain or the US from significantly transformed foreign material with at least 35% of the value from Bahraini/US materials and cost of processing and should be exported/imported directly from Bahrain or the US. The main categories of imports in 2019 were aluminium worth US\$ 730 million, mineral fuels worth US\$ 134 million, textile articles worth US\$ 65 million, and plastics worth US\$ 31 million. The FTA eliminates all tariff and non-tariff barriers to trade, in turn reducing the cost burden of exporting and increasing the competitiveness of Bahrain manufactured products in US markets. Additionally, when foreigners invest in the participating countries, they are granted citizenship advantages.

**Table 14: Exports and Imports value of the Free Trade Agreements with Bahrain<sup>140</sup>**

Free Trade Agreement	Year	Export	Import
Greater Arab Free Trade	2021	US\$ 6.4 billion	US\$ 2.5 billion
GCC Free Trade Agreement	2021	US\$ 5 billion	US\$ 2.3 billion
GCC-Singapore Federal Trade Agreement	2021	US\$ 154 million	US\$ 51 million
GCC-EFTA Agreement	2021	US\$ 16 million	US\$ 303 million
US-Bahrain FTA	2019	US\$ 792 million	US\$ 1 billion

Source: Economic Development Board Bahrain

### Countries under negotiation for FTA with GCC

1. India
2. UK
3. China
4. South Korea
5. Japan
6. Australia

<sup>140</sup> [Economic Development Board: Bahrain Free Trade Agreements](#)

### India-GCC FTA

A Framework Agreement on Economic Cooperation between India and the GCC was signed in 2004 to explore the possibility of a trade deal. The countries have recently (November 2022) resumed talks on an India-GCC FTA. Mutually agreed areas of focus would be food security, renewable energy, health and technology transfers<sup>141</sup>. The FTA will be a comprehensive economic partnership that will cover different aspects of trade and will also look at certain aspects related to investment promotion held on a trade mechanism involving the Indian rupee and local Gulf currencies. Both countries have emphasized that the FTA will create new jobs, raise living standards, and provide wider social and economic opportunities for both sides<sup>142</sup>. GCC countries account for almost 35% of India's oil imports and nearly 70% of gas imports. India's crude imports from the GCC in 2021-22 were about US\$ 48 billion, while LNG and LPG imports in 2021-22 were about US\$ 21 billion. Meanwhile, exports during the comparable period stood at US\$ 44 billion. India has already implemented a free trade pact with the UAE in May this year<sup>143</sup>.

### UK-GCC FTA

The fourth round of negotiations for a free trade agreement (FTA) between the UK and the GCC took place between 17 and 28 July 2023. Draft treaty text was advanced across the majority of chapters and technical discussions were held across 23 policy areas over 44 sessions. The GCC was equivalent to the UK's 7th largest export market and total trade was worth US\$ 77.95 billion in 2022. The UK Government analysis indicates that in the long run, a deal with the GCC is expected to increase trade by at least 16%<sup>144</sup>.

### China-GCC FTA

The China-Gulf Cooperation Council summit in December 2022 renewed interest in concluding negotiations for a China-GCC Free Trade Agreement. These trade negotiations began in 2004. The GCC governments hope to expand economic cooperation with China to advance ambitious economic diversification agendas<sup>145</sup>.

### South Korea-GCC FTA

The Ministry of Trade, Industry and Energy (MOTIE) headed the Korean delegation for the seventh round of the Korea-GCC Free Trade Agreement official negotiations, held on February 14, 2023. Korea and the GCC announced their return to the negotiations in January 2022, which was followed by three official negotiation rounds and an intersessional meeting for extensive discussions on the agreement document. The ongoing seventh round of negotiations covers issues regarding trade rules and promising areas of collaboration, opening of markets for products and services, improving trade environment conditions, and intellectual property rights<sup>146</sup>.

<sup>141</sup> [Reuters: India and GCC to resume free trade talks: 2022](#)

<sup>142</sup> [Ministry of Commerce and Industry: India-GCC: 2022](#)

<sup>143</sup> [The Economic Times: India, GCC to launch free trade pact negotiations: 2022](#)

<sup>144</sup> [Government.UK: Trade Update UK-GCC FTA: 2023](#)

<sup>145</sup> [The Arab Gulf States Institute in Washington: China-GCC FTA: 2023](#)

<sup>146</sup> [Ministry of Trade, Industry and Energy: Korea and GCC FTA: 2023](#)

### **Japan-GCC FTA**

The GCC and Japan signed an agreement to resume negotiations on a Free Trade Agreement in July 2023. In a joint statement, the two sides agreed on their desire to expand trade liberalization and investment in a mutually beneficial manner. The next round of negotiations will be in 2024<sup>147</sup>.

### **Australia-GCC FTA**

The Free Trade Agreement negotiations with Australia commenced in July 2007. Four rounds of Australia-GCC FTA negotiations were held, with the last one occurring in June 2009. At the GCC Leaders Summit in January 2021, the GCC renewed its interest in pursuing an FTA with Australia as a priority market<sup>148</sup>.

### **Double Taxation Avoidance Agreement (DTAA)**

A Double Taxation Avoidance Agreement is an agreement between two or more countries to avoid international double taxation of income and property. The main purpose of the agreement is to divide the right of taxation between the contracting countries to avoid differences.

Bahrain has DTAA's with 41 countries namely Algeria, Austria, Bangladesh, Barbados, Belarus, Belgium, Bermuda, Brunei, Bulgaria, China, Cyprus, Czech Republic, Egypt, Estonia, France, Georgia, Hungary, Iran, Ireland, Isle of Man, Jordan, Korea, Lebanon, Luxembourg, Malaysia, Malta, Mexico, Morocco, Netherlands, Pakistan, Philippines, Portugal, Seychelles, Singapore, Sri Lanka, Sudan, Switzerland, Syria, Tajikistan, Turkey, Turkmenistan, UK, Uzbekistan and Yemen. Bahrain does not have a DTAA with India as of April 2023.

### **Market comparison of the GCC**

The economies of the Gulf Cooperation Council are expected to grow by 3.7% in 2023 and 2.4% in 2024 according to World Bank Gulf Economic Update (GEU)<sup>149</sup>. It is projected that the GDP of the GCC countries will reach US\$ 6 trillion by 2050. Inflation in the GCC region maintained an average of 3.6% and displayed a declining trend in most member countries throughout 2022. Moreover, inflation in the GCC has remained considerably low compared to both advanced and emerging market economies<sup>150</sup>. The credit rating agencies have expressed confidence in the GCC region, as shown by the upward revisions of credit ratings across several countries. The total population of the GCC nearly doubled, rising from 26.2 million in 1995 to 56.4 million in 2021. This growth has been driven by substantial external migration, playing a vital role in supporting economic and social development. Additionally, there have been changes in the local population, with certain GCC countries local population growth exceeding 19% between 2010 and 2021<sup>151</sup>.

<sup>147</sup> [Arab News: Japan-GCC FTA: 2023](#)

<sup>148</sup> [Australian Government: Australia-GCC FTA](#)

<sup>149</sup> [The World Bank: GCC Economies: 2022](#)

<sup>150</sup> [The National News: GCC economic growth and inflation: 2023](#)

<sup>151</sup> [International Statistical Institute: Demographics of GCC](#)

In the GCC, the issue of decent job creation has a prominent place on the agendas of the national governments. Unemployment is relatively higher among women and youth, despite the increase in educational levels<sup>152</sup>. US\$ 22.9 billion was raised from Initial Public Offerings (IPO) in 2022 across the GCC compared to US\$ 7.7 billion in 2021. The region's strong pipeline of projects and growing investor recognition of its potential have contributed to this positive momentum in IPO activity. As a result, it is anticipated that the trend of increased IPO activity will continue in the near future<sup>153</sup>. In 2021, the UAE and Saudi Arabia emerged as the top recipients of Foreign Direct Investment (FDI) among the GCC countries. The FDI inflows into the GCC states witnessed a significant increase, jumping by two thirds to reach US\$ 44 billion in 2021 compared to the previous year<sup>154</sup>. GCC economies have a notable advantage in terms of fiscal policy flexibility due to their substantial savings in sovereign wealth funds. Despite the new challenges posed by Russia's invasion of Ukraine and tighter global financial conditions, the impact on the GCC union is anticipated to be limited.

**Table 15: Market indicators comparison of the GCC**

Category	Bahrain	Saudi Arabia	UAE	Oman	Qatar	Kuwait
GDP (2022) (PPP) <sup>155</sup>	US\$ 100.84 billion	US\$ 2,439.08 billion	US\$ 810.10 billion	US\$ 201.73 billion	US\$ 315.88 billion	US\$ 291.16 billion
Real GDP growth rate (2022) <sup>156</sup>	3.4%	7.6%	5.2%	4.4%	3.4%	8.7%
Average inflation (2022)	3.5%	2.7%	5.2%	3.1%	4.5%	4.3%
Population (2023) <sup>157</sup>	1.86 million	36.33 million	10.22 million	5.47 million	3.01 million	4.45 million
Population growth rate (2022) <sup>158</sup>	2.0%	1.4%	0.9%	1.9%	1.7%	1.2%
Unemployment rate	5.5%	6.7%	6.7%	1.9%	1%	1.3%
Market capitalization (2022) <sup>159</sup>	US\$ 30.2 billion	US\$ 2,827.1 billion	US\$ 545.21 billion	US\$ 57.98 billion	US\$ 200.83 billion	US\$ 136.62 billion

<sup>152</sup> [International Labour Organization: Employment Promotion](#)

<sup>153</sup> [PWC: GCC Capital Markets: 2022](#)

<sup>154</sup> [Zawya: FDI inflow: 2022](#)

<sup>155</sup> [World Economics: Gross Domestic Product: 2022](#)

<sup>156</sup> [International Monetary Fund: Data: 2022](#)

<sup>157</sup> [Worldometers: Bahrain Population: 2023](#)

<sup>158</sup> [World Economics: Population Growth Rates: 2022](#)

<sup>159</sup> [Sustainable Stock Exchanges Initiative: Stock Exchange Database](#)

Listed companies	43	227	138	110	51	167
SME listing platform	Yes	Yes	No	No	Yes	No
Foreign direct investment - net inflows (2021) <sup>160</sup>	US\$ 1.77 billion	US\$ 19.29 billion	US\$ 20.67 billion	US\$ 4.02 billion	US\$ -1.09 billion	US\$ -272 million
Foreign direct investment - net outflows (2021)	US\$ 64.36 million	US\$ 23.85 billion	US\$ 22.54 billion	US\$ -396 million	US\$ 159.8 million	US\$ -2.24 billion

Source: World Economics, IMF, The World Bank, Worldometer and respective country's stock exchange

## Standards

### Bahrain Testing and Metrology Directorate (BTMD)<sup>161</sup>

The Bahrain Testing and Metrology Directorate (BTMD) is a government entity entrusted with the responsibility of safeguarding the quality and safety of imported and exported products in Bahrain. Its primary objective is to ensure that products comply with approved standards and specifications. Collaborating with international bodies like the International Organization for Standardization (ISO), the BTMD aligns its testing and certification procedures with global standards. Additionally, the agency offers training and technical support to Bahraini businesses, aiding them to meet international benchmarks. This includes imparting knowledge on quality management systems, laboratory accreditation, and product testing and certification.

### Bahraini manufacturing sector as part of the global supply chain

With an emphasis on producing high-quality goods that adhere to international standards, Bahrain's manufacturing sector has gained traction as an appealing destination. According to the 2021<sup>162</sup> and 2022<sup>163</sup> quarterly reports from the Information & eGovernment Authority, the exports decreased by 6% from US\$ 3.16 billion in Quarter 4 (Q4) of 2021 to US\$ 2.97 billion in Q4 of 2022. The imports of Bahrain showed a slight increase of 0.3% in Q4 2022 of US\$ 3.73 billion compared to US\$ 3.72 billion in Q4 2021. The goods exported by Bahrain accounted for approximately 15.7% of its total GDP in 2021, signifying a growing dependence on international markets as a means to enhance Bahrain's economic performance. In 2021, Bahrain's manufacturing sector primarily exported its products to Saudi Arabia, the UAE, Oman, US, Egypt, and India, and primarily imported iron ore, aluminium oxide, and gold ingots.

<sup>160</sup> [The World Bank: Foreign Direct Investment](#)

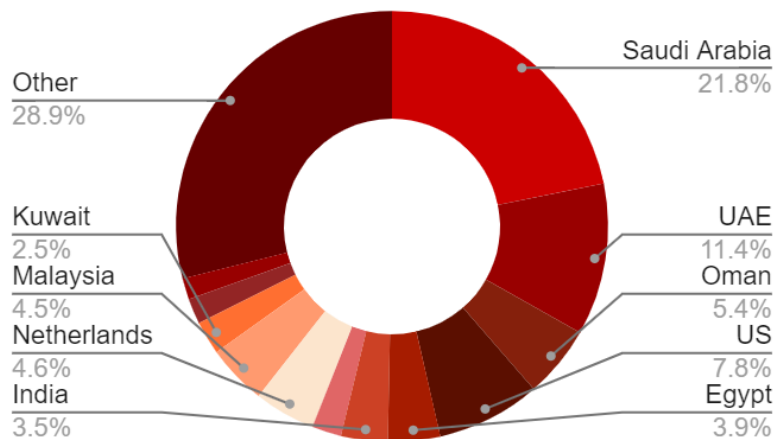
<sup>161</sup> [ISO: Bahrain Testing and Metrology Directorate](#)

<sup>162</sup> [Information & eGovernment Authority: Bahrain's Exports Q4 2021: 2022](#)

<sup>163</sup> [Information & eGovernment Authority: Bahrain's Exports Q4 2022: 2023](#)

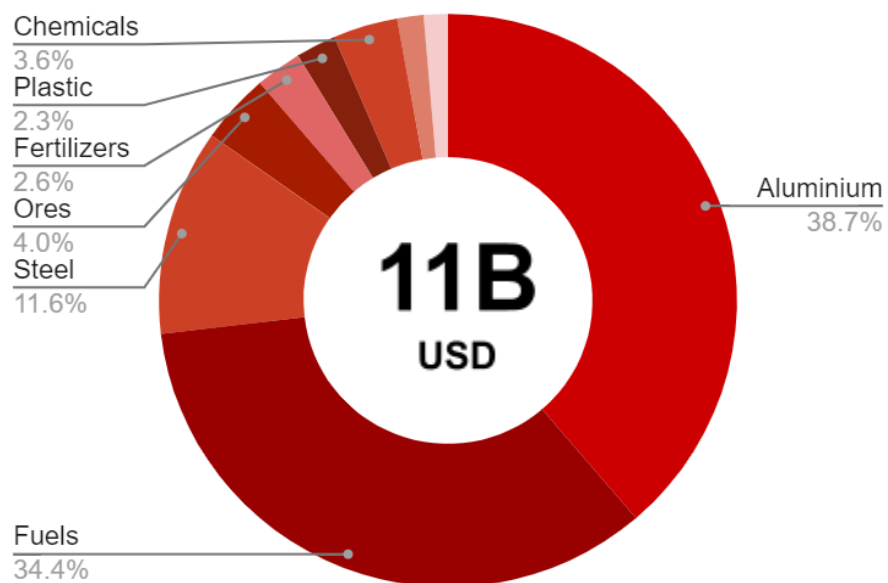


**Figure 29: Bahrain's major export destinations in 2021<sup>164</sup>**



Source: World's Top Exports: Bahrain: 2021

**Figure 30: Top products exported by Bahrain in 2021<sup>165</sup>**

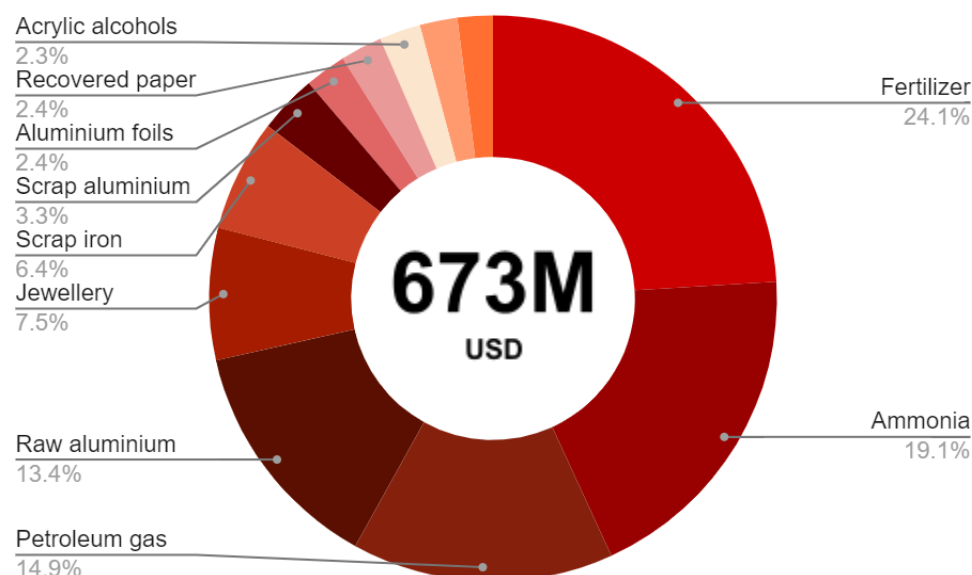


Source: World's Top Exports: Bahrain: 2021

<sup>164</sup> [World's Top Exports: Bahrain: 2021](#)

<sup>165</sup> [World's Top Exports: Bahrain](#)

**Figure 31: Bahrain's major exports to India in 2021<sup>166</sup>**



Source: OEC World: Bahrain and India: 2021

## Comparison of exports and imports of the GCC Countries

Through their imports and exports, the GCC countries exert a significant influence on the global economy. Their imports primarily cater to domestic consumption demands and serve as support for their manufacturing sectors.

**Table 16: Comparison of exports and imports**

Category (US\$ billion)	Bahrain <sup>167</sup>	Saudi Arabia <sup>168</sup>	UAE <sup>169</sup>	Qatar <sup>170</sup>	Oman <sup>171</sup>	Kuwait <sup>172</sup>
Year	2022	2022	2022	2022	2021	2021
Exports	US\$ 13.18 billion	US\$ 410.3 billion	US\$ 99.65 billion	US\$ 130.9 billion	US\$ 44.59 billion	US\$ 63.12 billion

<sup>166</sup> [OEC World: Bahrain and India: 2021](#)

<sup>167</sup> [Zawya: Bahrain Origin Product: 2023](#)

<sup>168</sup> [General Authority for Statistics: International Trade Q4 2022](#)

<sup>169</sup> [Ministry of Economy: UAE Non-Oil Foreign Trade: 2023](#)

<sup>170</sup> [Planning and Statistics Authority: The Quarterly Bulletin of Foreign Merchandise Trade Statistics: 2022](#)

<sup>171</sup> [Lloyds Bank: Foreign Trade Figures of Oman: 2023](#)

<sup>172</sup> [Lloyds Bank: Foreign Trade Figures of Kuwait: 2023](#)

Imports	US\$ 15.49 billion	US\$ 186.9 billion	US\$ 341 billion	US\$ 33.4 billion	US\$ 30.99 billion	US\$ 31.88 billion
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Source: Zawya, General Authority for Statistics, Ministry of Economy, Lloyds Bank and Planning & Statistics Authority  
Data for Oman and Kuwait's exports and imports are not available for the year 2022

In 2021, mineral fuels, including oil, were the primary export for most GCC countries, driven by the abundant oil reserves in the region. Mineral fuels make up over half of the GCC's exports and play a crucial role in driving their export economies. The second most exported products for these countries include aluminium, steel, organic chemicals, fertilizers, and plastic. All GCC countries have higher trade openness compared to the global average, which remains a key strength, attracting new companies to provide products and services across the region. The UAE has emerged as a significant exporter of gems such as pearls, rubies, sapphires, gold, and other precious metals, with a particular focus on diamonds. Saudi Arabia's primary plastic product exports encompass various polymers like ethylene, propylene, and other olefins, in addition to plastic articles.

In 2022, Saudi Arabia recorded exports valued at US\$ 410.3 billion and imports valued at US\$ 186.9 billion. The UAE experienced a 6% increase in exports, reaching US\$ 99.65 billion in 2022, while imports grew by 22% to US\$ 341 billion. Oman observed a growth rate of 14.2% in exports, totaling US\$ 44.59 billion in 2021, while imports increased by 2.7% to US\$ 30.99 billion. Qatar witnessed a significant 50.2% increase in exports, reaching US\$ 130.9 billion in 2022, while imports grew by 19.3% to US\$ 33.4 billion. Kuwait experienced a 57% increase in exports, amounting to US\$ 63.12 billion in 2021, while imports rose by 20% to US\$ 31.88 billion.

**Table 17: Top exports of GCC countries in 2021**

Bahrain <sup>173</sup>	Saudi Arabia <sup>174</sup>	UAE <sup>175</sup>	Oman <sup>176</sup>	Qatar <sup>177</sup>	Kuwait <sup>178</sup>
Aluminium (34.3%)	Mineral Fuels (77%)	Mineral Fuels (56%)	Mineral Fuels (72%)	Mineral Fuels (85%)	Mineral Fuels (92%)
Mineral Fuels (30.5%)	Plastic (9%)	Gems, Precious Metals (21%)	Iron, Steel (7%)	Plastic (3%)	Organic Chemicals (4%)
Iron, Steel (10.3%)	Organic Chemicals (6%)	Aluminium (4%)	Fertilizers (5%)	Fertilizers (3%)	Plastic (1.5%)

<sup>173</sup> [World's Top Exports: Bahrain](#)

<sup>174</sup> [World's Top Exports: Saudi Arabia](#)

<sup>175</sup> [World's Top Exports: UAE](#)

<sup>176</sup> [World's Top Exports: Oman](#)

<sup>177</sup> [World's Top Exports: Qatar](#)

<sup>178</sup> [World's Top Exports: Kuwait](#)

Ores, Slag, Ash (3.5%)	Fertilizers (2%)	Plastic (3%)	Organic Chemicals (5%)	Aluminium (2%)	Iron, Steel (0.5%)
Fertilizers (2.3%)	Aluminium (1%)	Iron, Steel (2%)	Plastic (3%)	Organic Chemicals (2%)	Sulphur, Stone, Cement (0.5%)
Plastic (2%)	Inorganic Chemicals (1%)	Machinery (2%)	Aluminium (2%)	Inorganic Chemicals (2%)	Copper (0.2%)
Inorganic Chemicals (1.9%)	Iron, Steel (0.5%)	Electrical machinery (2%)	Sulphur, Stone, Cement (1%)	Salt, Sulphur, Stone, Cement (1%)	Aluminium (0.2%)
Glass (1.3%)	Gems, Precious Metals (0.5%)	Copper (1.5%)	Ores, Slag, Ash (0.7%)	Iron, Steel (0.5%)	Machinery (0.1%)
Chemical Goods (1.3%)	Dairy, Eggs, Honey (0.5%)	Organic Chemicals (1%)	Ships, Boat (0.5%)	Chemical Goods (0.2%)	Paper, Paper Items (0.1%)
Dairy, Eggs, Honey (1.2%)	Copper (0.3%)	Sulphur, Stone, Cement (1%)	Gems, Precious Metals (0.5%)	Machinery (1.4%)	Chemical Goods (0.1%)

Source: World's Top Exports

## SECTOR C: TARIFF, DUTY & OTHER REGULATORY ISSUES WITH REFERENCE TO MANUFACTURING SECTOR IN BAHRAIN

### Bahrain's trade barriers

Bahrain has bilateral and economic agreements with over 40 countries, promotion and protection of investment with 34 countries, avoidance of double taxation with 41 countries, reciprocal exemption of international air transport with 6 countries and Free Trade Agreements with many countries.

The country applies a Common External Tariff (CET) of 5% on nearly all imported goods with the exception of goods produced in the GCC region and countries that have signed international trade commitments or bi-lateral trade agreements. Certain types of goods, including paper and aluminium, are charged 20% duty rate upon import into Bahrain. The Bahraini Government prohibits domestic production of alcohol and tobacco. Non-GCC alcoholic beverage imports are assessed a 125% customs duty, and non-GCC imported tobacco products are assessed a 100% duty. Bahrain has eliminated tariffs for GCC member states on 426 items, primarily food and medical products. In order to incentivize FDI, the Bahraini Government does not levy duties on imports of raw materials or of semi-manufactured goods, provided that the final products assembled using these inputs will be exported out of Bahrain. Additionally, Bahrain also permits duty-free importation of items for development projects and transshipments.

**Table 18: Bahrain's customs duty tariff structure<sup>179</sup>**

Rate	Category
Duty Exempt	Includes most goods traded under FTA
5% import duty	All other commodities, except alcohol and tobacco
100% import duty	Tobacco products (not exempt under FTA)
125% import duty	Alcoholic beverages (not exempt under FTA)

Source: International Trade Administration: Import Tariffs: 2022

### Electricity and water tariff structure

Bahrain has one of the highest energy consumption rates per person in the world, as regulated by the Electricity and Water Authority (EWA). The Energy Efficiency Implementation Program has been implemented to address the challenge of curbing energy demand. Endorsed by Bahrain's Cabinet, the National Energy Efficiency Action Plan (NEEAP) and the National Renewable Energy Action Plan (NREAP) set national energy efficiency and national renewable energy 2025 targets of 6% and 5%, respectively, with the NREAP target increasing to 10% by 2035<sup>180</sup>.

<sup>179</sup> [International Trade Administration: Import Tariffs: 2022](#)

<sup>180</sup> [International Trade Administration: Renewable Energy: 2022](#)

**Table 19: Bahrain's tariff structure for electricity and water<sup>181</sup>**

<b>Electricity Connection (US\$/kWh)</b>	
<b>Category</b>	<b>Rate</b>
0 - 5,000 kW	US\$ 0.04
> 5,000 kW	US\$ 0.08
<b>Water (US\$/m<sup>3</sup>)</b>	
<b>Category</b>	<b>Rate</b>
Any quantity	US\$ 2.0

Source: Electricity and Water Authority (EWA): Electricity and Water Tariffs

## Tax structure of Bahrain

Bahrain currently has a limited corporate tax of 46% that only applies to companies engaged in the exploration, production, or refining of hydrocarbons. For all other entities operating in the country, the corporate tax rate is 0%. In line with this, all profits, dividends, and other income is tax free. Additionally, Bahrain has no exchange control regulations and no restrictions on the repatriation of capital, profits, dividends, interests, or royalties. There is a 10% municipality tax levied on rental and commercial property leased to expatriates. A standard rate of 10% Value Added Tax (VAT) has been applied in the country with effect from January 2022.

In Bahrain, if a manufacturing business is engaged in making both taxable and exempt supplies, it may be entitled to claim input tax credits for the VAT paid on its inputs or expenses. This allows businesses to recover the VAT they have paid on their purchases. Currently, the VAT system does not provide specific VAT rebates exclusively for the manufacturing sector. Those companies that cumulatively fulfil the following conditions are entitled to apply:

- The applicant must not be registered or required to register for VAT purposes in Bahrain
- The applicant is registered for tax purposes in his country and can provide evidence of a registration certificate
- The taxable supplies have been received within the scope of the business
- If the applicant belongs to a fiscal unity, a certificate of all members of the fiscal unity is required
- The applicant has not yet submitted a refund application for the calendar year
- The requested refund amount is at least US\$ 530 (BHD 200)<sup>182</sup>

<sup>181</sup> [Electricity & Water Authority: Electricity and Water Tariffs](#)

<sup>182</sup> [Rodl & Partner: VAT refund procedure: 2022](#)

**Table 20: Tax structure of Bahrain**

Category	Rate
Corporate Income Tax <sup>183</sup>	0%
Municipal Tax	10% of commercial and residential rent for expatriates
Value Added Tax <sup>184</sup>	10%*

Source: All about VAT and Bahrain.bh

\*All entities or individuals conducting an economic activity independently for generating income exceeding the mandatory threshold of BHD 37,500 are required to register for VAT purposes in order to start collecting the 10% VAT

### Tariff structure of GCC

The GCC offers duty concessions or exemptions to support regional economic integration. These concessions involve lowering or eliminating customs duties on specific goods traded among GCC member states. While a Common External Tariff (CET) is applied to goods imported from outside the GCC region under the GCC Customs Union established in 2003, intra-GCC trade receives preferential treatment through varying duty concessions determined by the type of goods and agreements among member states<sup>185</sup>.

The GCC has made changes to its policies that continue to support trade. These policy changes include generating unified technical standards, harmonizing customs administration procedures, and reducing clearance requirements to lower non-tariff barriers within the GCC<sup>186</sup>. The VAT rate in Saudi Arabia has increased from 5% to 15%. Alcohol consumption, production and imports are prohibited in Saudi Arabia due to the Islamic law. Additionally, some GCC countries levy tax on the import of carbonated and energy drinks and pork. A similar VAT refund system is used in all GCC countries.

**Table 21: Import tariff structure of the GCC**

Category	Bahrain	Saudi Arabia <sup>187</sup>	UAE <sup>188</sup>	Oman <sup>189</sup>	Qatar <sup>190</sup>	Kuwait <sup>191</sup>
External tariff on imports	5%	5%	5%	5%	5%	5%
Cigarettes/ Tobacco	100%	100%	100%	100%	100%	100%

<sup>183</sup> [All About VAT: Taxes in Bahrain](#)

<sup>184</sup> [Bahrain.bh: Value Added Tax \(VAT\) Bahrain](#)

<sup>185</sup> [Secretariat General of the Gulf Cooperation Council: The Customs Union](#)

<sup>186</sup> [Jahani & Associates: GCC Trade Analysis](#)

<sup>187</sup> [International Trade Administration: Saudi Arabia Import Tariffs: 2022](#)

<sup>188</sup> [UAE: Customs Clearance](#)

<sup>189</sup> [Deloitte: Excise Tax Updates: 2019](#)

<sup>190</sup> [International Trade Administration: Qatar Import Tariffs: 2022](#)

<sup>191</sup> [International Trade Administration: Kuwait Import Tariffs: 2022](#)

Alcoholic products	125%	N/A	50%	100%	100%	Special Licence
Others		Dairy Products (25%) Carbonated Drinks (50%) Energy Drinks (100%)		Carbonated Drinks (50%) Energy Drinks (50%) Pork (100%)	Iron Products (20%) Cement (20%) Urea (30%) Pork (100%)	

Source: Bahrain.bh, All About VAT, International Trade Administration, UAE Customs clearance and Deloitte

## Comparison of the tax structure in GCC

Corporate tax is the tax that businesses pay on their taxable income. In the UAE, corporate tax at 20% is only applicable to branches of foreign banks. All GCC countries consistently impose a higher rate of taxation on companies engaged in certain oil and gas activities<sup>192</sup>. Municipal tax is the tax paid on the renting or leasing of a property for residential and business purposes. The UAE imposes municipal taxes of 2% in Sharjah, 5% in Abu Dhabi, and 10% in Dubai. The Value Added Tax (VAT) is a broadly based consumption tax assessed on the value added to goods and services. Qatar and Kuwait are in the process of introducing VAT in 2023-24, since both countries are under a common GCC framework for VAT.

**Table 22: Tax structure of GCC**

Category	Bahrain	Saudi Arabia <sup>193</sup>	UAE	Oman	Qatar	Kuwait
Corporate Income Tax <sup>194*</sup>	0%	20%	-	15%	10%	15%
Value Added Tax <sup>195</sup>	10%	15%	5%	5%	-	-

Source: All About VAT, Future of tax and Taxback International

\*Bahrain imposes a 46% corporate income tax on companies engaged in the exploration, production or refining of hydrocarbons. Saudi Arabia imposes a corporate income tax rate of 50-85% for the same. A standard rate of 9% will be applicable to income exceeding AED 375,000 in the UAE starting from 1 June 2023.

<sup>192</sup> [KPMG: Future of tax in Bahrain](#)

<sup>193</sup> [All About VAT: Taxes in Saudi Arabia](#)

<sup>194</sup> [KPMG: Future of tax in Bahrain](#)

<sup>195</sup> [Taxback International: VAT in GCC](#)



## Electricity and water tariff structure of GCC

Bahrain, Qatar and Kuwait have the lowest electricity tariff rates compared to the rest of the GCC, while the UAE has the lowest tariff rate for water consumption.

**Table 23: Water tariff structure comparison of the GCC**

Water tariff structure (US\$/m <sup>3</sup> )		
Bahrain	Any quantity	US\$ 2.0
Saudi Arabia <sup>196</sup>	Any quantity	US\$ 1.96
UAE (Dubai) <sup>197</sup>	0 - 10,000 m <sup>3</sup>	US\$ 0.95
	10,000 - 20,000 m <sup>3</sup>	US\$ 1.09
	> 20,000 m <sup>3</sup>	US\$ 1.25
Oman <sup>198</sup>	Any quantity	US\$ 2.86
Qatar <sup>199</sup>	Any quantity	US\$ 1.48
Kuwait	Any quantity	US\$ 1.46

Source: Electricity and Water Authority, Marafiq, Dubai Electricity & Water Authority, Kahramaa and Nama Water services

**Table 24: Electricity tariff structure comparison of the GCC**

Electricity tariff structure (US\$/kWh)		
Bahrain	0 - 5,000 kWh	US\$ 0.04
	> 5,000 kWh	US\$ 0.08
Saudi Arabia <sup>200</sup>	Any Amount	US\$ 0.05
UAE (Dubai) <sup>201</sup>	0 - 10,000 kWh	US\$ 0.06
	> 10,000 kWh	US\$ 0.1
Oman <sup>202</sup>	0 - 3,000 kWh	US\$ 0.31
	3,001 - 6,000 kWh	US\$ 0.42

<sup>196</sup> [Marafiq: Water Tariff](#)

<sup>197</sup> [Dubai Electricity and Water Authority: Electricity and Water tariff](#)

<sup>198</sup> [Nama Water Services](#)

<sup>199</sup> [Kahramaa: Electricity & Water Tariff](#)

<sup>200</sup> [Saudi Electricity Company: Consumption Tariffs](#)

<sup>201</sup> [Dubai Electricity & Water Authority](#)

<sup>202</sup> [Muscat Electricity Distribution Company](#)

	> 6,000 kWh	US\$ 0.62
Qatar <sup>203</sup>	Any quantity	US\$ 0.04
Kuwait	Any quantity	US\$ 0.08

Source: Electricity & Water Authority, Saudi Electricity Company, Dubai Electricity & Water Authority, Muscat electricity distribution, Kahramaa and Marafiq

## Initiatives and strategies of the government of Bahrain for manufacturing sector

### Bahrain Economic Vision 2030<sup>204</sup>

The Economic Vision launched in October 2008, is a comprehensive economic vision for Bahrain, providing a clear direction for the continued development of the country's economy. The initiative focuses on shaping the vision of the government, society and the economy based on three guiding principles- sustainability, fairness and competitiveness. The vision also addresses Sustainable Development Goals (SDGs) 2030.

In order to promote sustainability, the private sector should be able to drive economic growth in Bahrain independently. Bahrain will use its resources to invest in the future, improving its human capital through education and training. To promote competitiveness, Bahrain will educate its people, retain qualified staff, and attract foreign workers. The key is to make Bahrain an attractive place to do business for both local and foreign companies. For fairness to be nurtured, all transactions made by both public and private sectors must be transparent.

The Economic Development Board attracts and encourages inward investment, and currently targets five priority sectors for investment promotion namely financial services, manufacturing, logistics, tourism, information and communications technology. As a result, international companies have recently been investing and expanding in Bahrain. The aim is to shift Bahrain's economy to a globally competitive economy based on its pioneering private sector that will add long-term stability to the country.

The strategy's main priorities are:

- To achieve sustainable quality growth
- Ensure excellence in infrastructure
- Enhance the Government's performance and efficiency
- Enhance the quality and accessibility of social services
- Ensure sustainable development of strategic resources

The ways in which the Bahraini government will support productivity in the private sector include:

- Providing incentives to motivate productivity gains in the private sector

<sup>203</sup> [Kahramaa: Tariff](#)

<sup>204</sup> [Bahrain.bh: Bahrain Economic Vision 2030](#)

- Opening up Bahrain's market to expose companies to process innovation and best practices
- Promoting export-oriented sectors to ensure that Bahraini companies embrace the global markets for products and services

## **Sustainable Development Goals 2030 (SDGs)<sup>205</sup>**

Bahrain's Sustainable Development Goal Index rank is 102 out of 163 countries and the country's SDG Index score is 64.3 out of 100, as of 2022. The country has taken steps towards achieving the SDGs set by the United Nations General Assembly, aligning its national development agenda accordingly. The government of Bahrain had published a water report to monitor the progress made towards the implementation of the targets and indicators of the sixth SDG. The government of Bahrain has prioritised economic and human development, infrastructure, and urbanisation. The United Nations supports Bahrain in achieving its national and international commitments to the Agenda 2030 and the SDGs through actively engaging with the Government of Bahrain, civil society, academia, and the private sector.

Some goals pertaining to the industrial sector have been explained below:

### **Goal 2- Zero Hunger**

This objective is to achieve a twofold increase in agricultural productivity and income for small-scale food producers by 2030. The goal will be pursued by tackling trade restrictions and distortions in global agricultural markets, including the elimination of agricultural export subsidies and measures. Bahrain is actively working towards securing a sustainable food supply by promoting higher levels of local agricultural production<sup>206</sup>.

### **Goal 3- Good Health and Well-Being**

One of the targets under this sector is to achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all. The country is working to achieve this through providing support to research and develop vaccines and medicines for diseases that primarily affect developing countries, provide access to affordable essential medicines and vaccines<sup>207</sup>.

### **Goal 9- Industry, Innovation and Infrastructure**

One of the objectives within this sector is to enhance the availability of financial services, including affordable credit, to small-scale industries and other enterprises, while also integrating them into value chains and markets. The creation of the BIIP was initiated to address and achieve this particular target<sup>208</sup>.

<sup>205</sup> [Bahrain SDGs 2030: Bahrain's Efforts](#)

<sup>206</sup> [Bahrain SDGs: Goal Two](#)

<sup>207</sup> [Bahrain SDGs: Goal Three](#)

<sup>208</sup> [Bahrain SDGs: Goal Nine](#)

## Sustainable Development Goals 2030



Source: Bahrain SDGs Government Portal

## The 17 Sustainable Development Goals 2030



Source: Bahrain SDGs Government Portal

## Industrial Diversification Strategy (2022-2026)<sup>209</sup>

The Economic Recovery Plan mandates the development of the production and services sector in Bahrain, of which the industrial sector is an essential component. The strategy focuses on increasing the sector's contribution to the overall GDP, increasing national origin exports, and creating additional job opportunities. The targeted industries as part of the strategy include the downstream industries in aluminium and petrochemicals, food, pharmaceuticals, micro-electronics, as well as renewable energy sectors including "blue and green hydrogen", which will contribute towards the country's commitment to reach net zero carbon emissions by 2060. The Industrial Sector Strategy is based on five main pillars, which include promoting local industries, investing in infrastructure, improving investor experience, providing career guidance for Bahrainis and updating legislations. The strategic goals are supported by adapting the

<sup>209</sup> [Bahrain News Agency: Industrial Sector Strategy 2022-2026](#)

“Fourth Industrial Revolution”, implementing “Circular Carbon Economy”, encouraging investments in digitalisation and improving regional supply chains.

The first pillar targets the initiatives taken to promote local industries ranging from launching programs to encourage large factories to purchase products and services from local small and medium factories, providing industrial incubation and accelerating opportunities for SMEs, improving regional import and export supply chains, developing the “Made in Bahrain” trademark and launching the Industrial Excellence Award to encourage competition amongst factories.

The second pillar targets the development of infrastructure, which will be achieved through dedicating areas to promised industries, improving amenities and services to industrial areas, intensifying inspections, encouraging the use of renewable energy and setting up an “Industrial Innovation Centre”.

The third pillar targets working on facilitating procedures to improve investors’ experience, through launching a unified electronic system as the main platform serving investors, along with easing procedures regarding acquiring licenses and providing services.

The fourth pillar directs nationals professionally, through the provision of various educational and vocational training opportunities in the field.

Lastly, the fifth pillar refers to legislation and regulations that will be implemented in line with GCC guidelines.

The local laws are expected to be amended to help facilitate the development of precision industries, and specific urban planning classifications are to be dedicated to industrial areas. The three main performance indicators include:

- The percentage of employed Bahrainis to be increased to 25.3%, and to increase the overall employment to 65,291 individuals by 2026
- The industrial sector’s contribution to the GDP aims to be increased to 2.544 BHD billion (US\$ 6.66 billion) by 2026
- The contribution of the industrial sector to the overall exports aims to increase to 80.1% amounting to 2.475 billion BHD (US\$ 6.58 billion) by 2026

Enhanced trade and synergy between Bahrain’s larger companies and SMEs is also being encouraged, which encourages local producers to ensure their products meet international standards. Additionally, the Industrial Excellence Award seeks to promote healthy competition among local enterprises and improve quality. Internships for technical and vocational graduates shall be established with Tamkeen to develop suitable training programmes, contribute to private sector workers’ salaries, and evolve its SME incubation and acceleration initiatives. Business licensing procedures are being digitised and streamlined, and business solutions will be tailored to specific challenges encountered by domestic companies. The MOIC will

collaborate with other GCC nations in implementing region-wide guidelines to promote cohesion in areas such as policy creation and urban planning that can support industrial zones<sup>210</sup>.

Several investment and infrastructure projects were taken up by the Bahraini government at a total cost of more than 90 million BHD (US\$ 239 million) in order to promote industrial diversification. Fasht Al Adhm Industrial Zone<sup>211</sup> and the Aluminium transformative industry plot are two government investment projects being developed over an area of 104 million metre<sup>2</sup> and 477,000 metre<sup>2</sup> respectively.

**Table 25: Investment and infrastructure projects in development<sup>212</sup>**

Projects	Cost	Estimated Completion
United States Trade Zone (USTZ)	US\$ 199 million	June 2025
East Salman Industrial City	US\$ 32 million	March 2024
Salman Industrial City	US\$ 27 million	December 2023
South Hidd Industrial Area	US\$ 32 million	June 2024
Development & maintenance of road networks in industrial areas	US\$ 6.7 million	December 2025

Source: Bahrain News Agency: Industrial Sector Strategy 2022-2026

### **Labour Support Fund (Tamkeen)<sup>213</sup>**

Established in 2006, the Labour Support Fund (Tamkeen) fosters the creation and development of enterprises by providing support to enhance the productivity and growth of enterprises and individuals. The company has six support schemes for machinery & equipment, marketing & promotion, quality improvement, business consultancy, participation in exhibitions, and ICT support, providing 50% support over a 3 year contract. The financing schemes provided include Tamweel for transactions of BHD 5,000 to BHD 500,000, and Tamweel+ for BHD 1 million to BHD 2.5 million. Additionally, it provides a grant to foreign investors based on various factors such as choice of industry, exportability of products, Bahrainization rate, salaries provided, training plan, and technology used. The Labour Support Fund also plays a significant role in addressing unemployment by providing tailored employment and training programs. These programs focus on equipping Bahraini nationals with the necessary skills and qualifications to meet the demands of the job market and enhance their employability.

<sup>210</sup> [Oxford Business Group: How Bahrain is diversifying its industrial sector](#)

<sup>211</sup> [Economic Development Board: Fasht Al Adhm](#)

<sup>212</sup> [Bahrain News Agency: Industrial Sector Strategy 2022-2026](#)

<sup>213</sup> [Tamkeen.bh: Manufacturing](#)

**Table 26: Programs by the Labour Support Fund (Tamkeen) for businesses**

<b>Programs</b>	<b>Description</b>
Start Your Business <sup>214</sup>	The program aims to facilitate the establishment and growth of startups by offering assistance in the form of grants or access to finance. Tamkeen's objective is to expedite the startup's journey by establishing a strong presence in the Bahrain market, providing essential resources, and empowering them to pursue innovative ideas.
Tech Disruptors <sup>215</sup>	The program supports disruptive entrepreneurship to encourage the emergence of innovative businesses with tech-based products and services that drive economic growth. Tamkeen will provide financial support enabling the company to commercialize their disruptive solutions and to bring innovative products and services to life.
Business Growth <sup>216</sup>	The program allows companies to unleash their potential and achieve sustainable growth within and beyond Bahrain's borders. Through a tailored program of growth-oriented solutions, Tamkeen assists by furthering the company's expansion plans both locally and abroad.
Go Digital <sup>217</sup>	The program offers financial support for businesses to integrate digital technology in their operations and boost productivity, adaptability, and resilience. The areas covered under this program include digital operations, cybersecurity, cloud infrastructure, data analytics, Artificial Intelligence, industry 4.0 solutions, and automation machinery.
FDI Support (in collaboration with EDB) <sup>218</sup>	In collaboration with the Bahrain Economic Development Board (EDB), the program helps international investors who are looking to establish operations overseas by expanding projects, contributing to economic development, and introducing new technologies to the local market.
National Employment Program <sup>219</sup>	The program is designed to encourage new Bahraini talents to start a career path in the private sector. Through the program, businesses can take advantage of financial support to take on new local talents as partners in their development journey.
Mid-Career & Executive Leadership <sup>220</sup>	The program aims to find industries and enterprises with the potential to create high value jobs for Bahrainis, by proactively seeking companies that can help in reaching the objective of accelerating and supporting the growth of Bahraini talent in the private sector.

Source: Tamkeen

<sup>214</sup> [Tamkeen: Start Your Business](#)<sup>215</sup> [Tamkeen: Tech Disruptors](#)<sup>216</sup> [Tamkeen: Business Growth](#)<sup>217</sup> [Tamkeen: Go Digital](#)<sup>218</sup> [Tamkeen: FDI Support](#)<sup>219</sup> [Tamkeen: National Employment Program](#)<sup>220</sup> [Tamkeen: Mid-Career & Executive Leadership](#)

## **Bahrain Economic Development Board (EDB)<sup>221</sup>**

The Economic Development Board of Bahrain (EDB) serves as the primary point of contact for businesses looking to establish themselves in Bahrain, leveraging its dedicated team's extensive expertise, knowledge, and resources to facilitate the startup process. As an investment promotion agency, the EDB holds the overarching responsibility of attracting investment into the country and actively supports initiatives that improve Bahrain's economy. Working closely with the government, current investors, and prospective investors, the EDB ensures that Bahrain maintains an attractive investment climate. Their efforts involve communicating the country's key strengths, identifying opportunities for further economic growth through investment, and fostering a conducive environment for investment. Since its inception in 2000, the EDB has collaborated with the government and various partners to implement a range of significant initiatives that have bolstered the performance of the national economy. Their primary focus has been on enhancing economic competitiveness, increasing productivity, and cultivating a skilled workforce in Bahrain.

Additionally, the EDB maintains representatives around the world, including in countries such as Japan, Italy, UK, France, India, China, Germany, Israel, South Korea, US, and MENA. These representatives serve as resources to answer inquiries about investing in Bahrain and to facilitate new business ventures. The EDB team offers assistance with registration and licensing guidance, legal and regulatory support, market opportunity advisory tailored to specific needs, access to detailed resources and metrics, establishing valuable connections, and finding suitable locations for every business<sup>222</sup>.

## **Ministry of Industry, Commerce and Tourism (MOICT)<sup>223</sup>**

The Ministry of Industry, Commerce, and Tourism in Bahrain plays a vital role in promoting economic growth, facilitating trade, and driving tourism in the country. As the government body responsible for overseeing these sectors, the ministry focuses on formulating and implementing policies and strategies that foster a favourable business environment and stimulate industrial development. It actively supports the growth of industries, including manufacturing, services, and technology, while also ensuring fair competition and consumer protection. Additionally, the ministry works towards enhancing Bahrain's commercial infrastructure, promoting foreign investment, and expanding the country's global trade relations. Moreover, it plays a crucial role in developing Bahrain's tourism sector, showcasing the country's rich cultural heritage, natural attractions, and modern amenities to attract visitors from around the world.

The MOICT aligns its work program with the overall government agenda, which is guided by ambitious strategies and the clear vision outlined in the Economic Vision 2030. This vision aims to improve the economic landscape through enhanced competitiveness, infrastructure development, and increased investment attractiveness. The ministry takes the lead in infrastructure projects, implementing advanced methods to streamline procedures and

<sup>221</sup> [Bahrain Economic Development Board: About US](#)

<sup>222</sup> [Bahrain Economic Development Board: How we can help](#)

<sup>223</sup> [Ministry of Industry, Commerce and Tourism: About the Ministry](#)



transactions, and eliminating bureaucratic hurdles. The MOICT delivers a wide range of services across various domains, including company regulation, industrial zones, registration processes, inspections, consumer protection, industrial development, small and medium enterprises (SMEs) advancement, information systems, foreign trade facilitation, and testing and metrology services.

### **Golden License<sup>224</sup>**

Bahrain launched the Golden License in order to provide incentives and streamlined services to foreign and local businesses with large-scale investment projects in the country. The initiative is an important step in the country's pursuit to incentivise investments and boost job creation under its fiscal and economic reforms. The criteria states that companies with major investment and strategic projects that will create more than 500 jobs in Bahrain or those with investment value exceeding US\$ 50 million will be eligible for such license. The benefits include prioritized allocation of land for investments, infrastructure services, and utilities, along with streamlined access to government's services (business licensing and building permit approval). Additionally, the eligible companies would also receive support from Bahrain's Labour Support fund, Tamkeen and Bahrain Development Bank along with a designated account manager from Bahrain Economic Development Board.

### **'Made in Bahrain' Initiative<sup>225</sup>**

The "Made in Bahrain" initiative acknowledges products made in Bahrain and aims at developing domestic exports to ensure that local products and services are promoted and recognized in international markets. The mark will be granted to national factories licensed by MOICT, where items produced are made of 35% or more of domestic content. The initiative will help diversify income sources and heighten the contribution of the non-oil sectors in the national economy.

### **Team Bahrain Initiative**

The Team Bahrain is an initiative about Bahrain's agile government working together with the private sector to create bespoke solutions for investors and entrepreneurs looking to base their activities in the country. The inauguration was at the Gateway Gulf investor forum in Manama, where projects worth US\$ 26 billion were showcased across a range of sectors including technology, real estate, tourism, housing, power, water, transport, public works, and manufacturing. The Team Bahrain approach applies whether it's a large multinational looking to invest or a startup with a bold idea needing a supportive environment. The government initiatives have also been at the heart of the creation of the ideal ecosystem for startups and smaller businesses under the umbrella of Startup Bahrain.

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<sup>224</sup> [Bahrain News Agency: Golden License: 2023](#)

<sup>225</sup> [Export Bahrain: Made in Bahrain](#)

## SECTOR D: INDIA & BAHRAIN COLLABORATION

### Past and present trade and economic collaboration between India & Bahrain

Historically, there has been a long-standing value of the Indian market for Bahraini businessmen. Some pearl traders permanently migrated to the Indian cities of Mumbai and Hyderabad for this purpose. Ancient Bahraini traders are believed to have carried out flourishing trade of Bahraini pearls with spices from India. The Embassy of India in Bahrain was opened in Manama, in January 1973. The Embassy of Bahrain was opened in New Delhi, in March 2007. India-Bahrain relations have been traditionally strong and cordial, on the bedrock of positive political, economic and cultural exchanges. India's exports to Bahrain were recorded at US\$ 457 million in 2020, as compared to US\$ 607.95 million in 2019 and US\$ 720.45 million in 2018, according to the International Trade Centre (ITC) Trade Map<sup>226</sup>. Imports stood at US\$ 492.85 million in 2020, compared to US\$ 587.03 million in 2018 and US\$ 386.13 in 2019. From India's perspective, the main categories of exports include machinery, plastics, cereals, mineral fuels, meat products, electrical machinery, iron or steel, and vehicles. India's total capital investment in Bahrain between 2003 and 2018 has been estimated to be US\$ 1.69 billion. Financial services accounts for around 40% of total projects, followed by real estate and the hospitality sector. Bahrain's investments in India stood at US\$ 181.57 million from 2000 to 2021.

Bahrain and India have maintained close ties going as far back as 5,000 years. India is considered as one of Bahrain's top trading partners, with exports from Bahrain to India increasing by around 12% per year between 2018 and 2022. As per the Economic Development Board of Bahrain, India is the sixth largest investor in the country. In 2022, bilateral trade between the two nations reached US\$ 1.4 billion. As of Quarter three (Q3) 2022, inward FDI stocks of India to Bahrain reached US\$ 1.4 billion, accounting for 4% of Bahrain's total FDI stock.<sup>227</sup> Bahrain has 38 Indian commercial agencies, 32 branches of prominent Indian companies and more than 7,500 Indian owned/Indian Joint Venture companies registered as of 2020<sup>228</sup>. The main sectors of Bahrain's investment in India are real estate, information technology and engineering. The two countries have agreed to collaborate in the areas of space technology, solar energy and culture exchange (ISRO and Bahrain's National Space Science Agency in 2019). The key areas of synergies between the two countries are ICT and fintech. Arab Financial Services (AFS), a Bahrain-based payment solutions provider and fintech enabler, launched bWallet, Bahrain's first digital mobile wallet and payment solution in 2018, using technology developed by Indian mobility solutions provider Comviva. TRAFICO is one of the largest conglomerates, and FMCG distributors of Indian food products for Bahrain<sup>229</sup>. Aerolam Middle East and Titan Company Limited, two Indian based leading companies are set to launch their operations in Bahrain with an investment of US\$ 45 million. Additionally, India is a key market for GARMCO and provides high quality aluminium products and services.

<sup>226</sup> [Trade Promotion Council of India: Bilateral Trade & Investment Opportunities: 2021](#)

<sup>227</sup> [Zawya: Minister heads Bahrain team to India: 2023](#)

<sup>228</sup> [Embassy of India: India-Bahrain relations: 2022](#)

<sup>229</sup> [Grant Thornton: India-Bahrain trade tie: 2019](#)

A memorandum of understanding (MOU) was signed between the Bahrain India Society (BIS) and the Confederation of Indian Industry (CII) during the CII Partnership Summit in March of 2023. During a joint press briefing held by the BIS and the Indian Embassy, the announcement was made. The main objectives of the MOU are to actively promote investments and joint ventures, exchange of business delegations, and cooperation to promote trade fairs and exhibitions in both countries. It also covers the exchange of information on all economic and commercial matters with regards to Bahrain and India, including specific industrial sectors relevant to both countries. Two teams will be formed from both Bahrain and India, with ten industrialists and business in each. The teams will focus on creating an environment for closer industrial and trading collaboration between the countries<sup>230</sup>.

## **Opportunities for Bahrain and India to collaborate on manufacturing Advantages of opening a manufacturing company in Bahrain<sup>231</sup>**

Bahrain, strategically located in the Gulf region, has attracted numerous Indian companies due to its unparalleled access to the US\$ 1.5 trillion Gulf market. The country allows 100% foreign ownership in most business sectors and is connected to the economic powerhouse, Saudi Arabia, via the King Fahd Causeway. Bahrain offers cost advantages for manufacturing companies compared to other GCC regions, with lower operating costs, affordable land lease rates, and well-equipped industrial parks. It provides attractive incentives such as 0% duty on exports (for companies adding 40% or more value in Bahrain), 0% duty on imports of raw materials and equipment, and allows for 100% repatriation of capital. Bahrain's fast and cost-effective access to the regional customer base is enhanced by support initiatives like the Labour Support Fund (Tamkeen). The government has taken proactive steps to promote foreign investment, including Free Trade Agreements with various countries. The country facilitates easy entry with visa-on-arrival and electronic visa application options. Bahrain boasts excellent connectivity through its international airport, sea port, and efficient road network. Notably, several prominent Indian companies, such as Chemco, Tata Consultancy Services, ICICI Bank, State Bank of India, Mindteck, Electrosteel, Sun Shed Energy, Wiztech Consultancy, Aditya Birla Group, and Bank of Baroda, have already chosen to invest in Bahrain.

## **Advantages of opening a manufacturing company in India**

India possesses the three essential elements, namely Democracy, Demography, and Demand, crucial for the growth of its manufacturing sector. As per Cushman & Wakefield's 2021 Global Manufacturing Risk Index, India has emerged as the second most desirable global manufacturing destination. This recognition stems from India's enhanced working conditions, cost competitiveness, abundant talent pool, and successful fulfillment of outsourcing needs<sup>232</sup>. The GDP of the manufacturing sector in India was US\$ 443.91 billion in 2021, constituting 13.98% of the total GDP of India<sup>233</sup>. In 2021, the manufacturing output of the country witnessed a remarkable growth of 21% compared to the challenging year of 2020, which was heavily

<sup>230</sup> [Bahrain News Agency: BIS highlights outcome of Commerce Minister to India: 2023](#)

<sup>231</sup> [Bahrain Economic Development Board: The road to Bahrain](#)

<sup>232</sup> [Business-Sweden: India's manufacturing sector: 2022](#)

<sup>233</sup> [Macrotrends: India's Manufacturing Output](#)

impacted by the Covid-19 pandemic. India's appeal as an attractive opportunity for manufacturers is attributed to factors such as its substantial domestic demand, expanding middle class and youthful population, and promising returns. With these advantages, India holds the potential to evolve into a global manufacturing hub, projected to contribute over US\$ 500 billion annually to the global economy by 2030<sup>234</sup>. A significant portion of Indian manufacturers continue to rely heavily on manual labour, reflecting the prevailing labour-intensive nature of the manufacturing sector. However, one of India's major challenges lies in its comparatively low level of technological advancement within the sector. This lack of technological integration adversely affects productivity, hindering manufacturers' ability to compete on the global stage. Additionally, India grapples with complex import and export procedures and legal compliances, resulting in prolonged lead times and an inefficient supply chain<sup>235</sup>. The Micro, Small, and Medium-sized Enterprises (MSME) sector faces challenges related to limited credit access and higher working capital costs in comparison to medium and large-scale enterprises. However, India is making steady strides towards embracing Industry 4.0, aided by government initiatives such as the National Manufacturing Policy and the Production Linked Incentive (PLI) scheme. The National Manufacturing Policy aims to elevate the manufacturing sector's contribution to India's GDP to 25% by 2025. Simultaneously, the PLI scheme focuses on enhancing the core manufacturing sector to meet global manufacturing standards.

## **Comparative advantage of major Bahraini manufacturing companies over Indian companies**

The SWOT analysis is a strategic planning technique used to help identify Strengths, Weaknesses, Opportunities, and Threats related to business competition or project planning.

### **ALBA (Aluminium industry)<sup>236</sup>**

#### **S - Strengths**

- ALBA operates as an integrated aluminium producer which provides a competitive advantage in terms of cost efficiency and supply chain control.
- The company enjoys a strong market position through strong customer loyalty.
- ALBA's sales heavily rely on exports, constituting 75% of its total sales and enabling the company to establish a strong presence in the global market.
- ALBA benefits from affordable and reliable energy supply due to Bahrain's access to natural gas resources, resulting in lower energy costs compared to many global competitors.

#### **W - Weaknesses**

- The dependence on the raw material alumina exposes the company to risks associated with price volatility, supply disruptions, and currency fluctuations.
- There is a need to enhance the emphasis on green and sustainable initiatives due to the carbon-intensive nature of the aluminium industry.

<sup>234</sup> [India Brand Equity Foundation: Manufacturing Sector in India](#)

<sup>235</sup> [Wealth Desk: Indian Manufacturing Sector: 2022](#)

<sup>236</sup> [ALBA: Conference Call: 2021](#)

- The global aluminium industry is highly competitive, with numerous producers worldwide.

### **O - Opportunities**

- ALBA has the opportunity to establish an online business platform, providing convenience to customers and expanding its reach to the global market.
- The demand in the Middle East for aluminium products went up by 17% in 2021, owing to the increased demand in the UAE.
- Collaborating with international aluminium companies, suppliers, and research institutions can facilitate access to new markets, providing ALBA with a competitive advantage.

### **T - Threats**

- Fluctuations in global aluminium prices can significantly impact ALBA's revenues and profitability, as well as its ability to compete with other producers.
- ALBA's product demand may face a decline if there is a rise in demand for Chinese companies' aluminium products.
- Increasing regulations on emissions and environmental impact may require ALBA to increase investment in costly upgrades or compliance measures, potentially impacting its profitability and competitiveness.

## **GARMCO (Downstream Aluminium industry)<sup>237</sup>**

### **S - Strengths**

- GARMCO has a formidable presence in the downstream aluminium industry in the Middle East.
- The company provides a diverse selection of aluminium products that serve multiple industries including construction, packaging, and automotive sectors.
- It is a global organization with a network of offices around the world, with over 75% of sales outside the GCC region.

### **W - Weaknesses**

- GARMCO relies on imported aluminium ingots and scrap for its production, making it susceptible to price fluctuations, supply disruptions, and currency risks.
- The aluminium industry faces environmental challenges due to energy consumption and emissions.

### **O - Opportunities**

- The company possesses the potential to establish an online business, enhancing convenience for customers and expanding its market reach globally.
- GARMCO can explore opportunities to expand its presence in new geographical markets, particularly in emerging economies with growing demand for aluminium products.
- The company has potential to be a regional leader in aluminium recycling, resulting in reduced production costs.

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<sup>237</sup> [GARMCO: Profile](#)

**T - Threats**

- With the rising cost of alumina, GARMCO's products may experience price increases, potentially resulting in decreased demand.
- Protectionist measures and imposition of tariffs on aluminium imports or exports can disrupt international trade flows and affect GARMCO's market access and competitiveness.
- An increased number of competitors in the downstream aluminium industry will affect GARMCO's operations.

**BAPCO (Petroleum industry)****S - Strengths**

- BAPCO is the national oil company of Bahrain and has a dominant position in the country's oil and gas sector.
- The manufacturing facility possesses a significant refining capacity that enables the processing of various types of crude oil.
- A well-developed infrastructure, including storage facilities, pipelines, and a marine terminal, facilitating efficient operations to access the global market.

**W - Weaknesses**

- BAPCO's operations are heavily dependent on the oil and gas industry, making it vulnerable to fluctuations in oil prices and market demand.
- The company's business model is primarily focused on refining and petroleum products, which may expose it to risks associated with market volatility and changing energy trends.
- The company may encounter difficulties in terms of environmental sustainability and ensuring compliance with ever-changing regulations.
- Bahrain has limited oil reserves compared to some of its regional neighbours, which poses a long-term challenge for its resource base and future production levels.

**O - Opportunities**

- BAPCO can seek collaborations with international companies to leverage their expertise, technology, and access to new markets, thereby enhancing its competitive position.
- The company can increase investment in research and development initiatives to improve its refining processes, develop new technologies, and enhance operational efficiency.

**T - Threats**

- Fluctuations in global oil prices can impact profitability and financial stability.
- Increasing global focus on reducing greenhouse gas emissions and mitigating climate change may result in stricter regulations and policies that could impact BAPCO's operations and profitability.
- The transition to cleaner energy sources and the rise of electric vehicles may lead to a decline in demand for petroleum products, affecting BAPCO's market position.

## **Bahrain Steel (Steel industry)**

### **S - Strengths**

- Bahrain Steel benefits from its geographical location which provides easy access to regional markets and shipping routes.
- The company offers a diverse range of steel products, catering to various industries and customer segments, helping to mitigate risks associated with fluctuations in demand.
- The company has established a solid reputation based on the quality of its products, which in turn fosters customer loyalty.

### **W - Weaknesses**

- The company relies on the import of raw materials, such as iron ore and coal, which can be subject to price fluctuations and supply chain disruptions.
- Bahrain Steel may face scrutiny and regulatory challenges related to environmental impact, emissions, and waste management.

### **O - Opportunities**

- Bahrain's construction industry is experiencing significant growth, presenting opportunities for Bahrain Steel to supply steel products for infrastructure projects, residential buildings, transportation networks, ports, and utilities.
- The company can explore export opportunities to various countries with high steel demand. Expanding into new markets can diversify the company's customer base and increase revenues.

### **T - Threats**

- Bahrain Steel may face competition from established steel manufacturers and new entrants, potentially leading to price pressures and reduced market share.
- Changes in trade policies, imposition of tariffs, or trade disputes can disrupt international trade flows and affect Bahrain Steel's export capabilities and profitability.

## **Gulf Petrochemical Industries Company (Petrochemical industry)**

### **S - Strengths**

- GPIC operates an integrated petrochemical complex, which provides operational synergies, cost efficiencies, and a competitive advantage in the market.
- The company is a leading petrochemical producer in the Gulf region, with a significant market share and a well-established reputation for its quality products.

### **W - Weaknesses**

- Fluctuations in natural gas prices or availability can impact the company's profitability and cost structure.

### **O - Opportunities**

- The Gulf region has a strong demand for petrochemical products, driven by the construction, automotive, and agriculture sectors. GPIC can capitalize on this demand by expanding its production capacities or introducing new product offerings.
- GPIC can explore opportunities to diversify its product portfolio by expanding into new petrochemical derivatives or value-added products.

#### **T - Threats**

- Price volatility in the global energy markets can pose challenges for the company's financial performance.
- Non-compliance or changes in regulations can result in additional costs and operational constraints.
- GPIC faces competition from established companies and new entrants, which can impact market share and pricing dynamics.

### **Falcon Cement Company (Cement industry)**

#### **S - Strengths**

- Falcon Cement Company is a recognized brand in the Bahraini market, known for its quality cement products.
- The company benefits from its local presence, including knowledge of the market dynamics and strong relationships with customers.

#### **W - Weaknesses**

- Falcon Cement may have limited production capacity compared to larger cement manufacturers, which could restrict its ability to meet increasing demand or compete on economies of scale.
- Bahrain lacks significant natural resources for cement production and this dependency can expose the company to price fluctuations and supply chain vulnerabilities.
- The company may face challenges in capturing a significant market share due to intense competition from both regional and global cement manufacturers.

#### **O - Opportunities**

- Bahrain's ongoing infrastructure projects, such as commercial and residential construction, provide growth opportunities for the company to increase its sales and market presence.

#### **T - Threats**

- The cement industry in Bahrain is highly competitive, with numerous players vying for market share.
- Changes in government regulations or environmental policies could require additional investments or compliance costs.

### **Devji Aurum (Jewellery industry)**

#### **S - Strengths**



- The company is known for its high-quality craftsmanship, which has helped it establish a loyal customer base.
- Devji Manufacturing offers a diverse range of products, including gold, silver, and diamond jewellery, catering to various customer preferences and price points.

#### **W - Weaknesses**

- The raw material dependency exposes Devji's manufacturing to potential supply chain disruptions and price fluctuations.

#### **O - Opportunities**

- Bahrain has a thriving jewellery market, fueled by local demand as well as tourist and expatriate customers.
- Offering customized and personalized jewellery options can be a significant opportunity to differentiate itself from competitors.

#### **T - Threats**

- The jewellery industry in Bahrain is highly competitive, with both local and international players.
- The jewellery industry is susceptible to the presence of counterfeit products, which can harm the reputation and sales of genuine manufacturers like Devji Aurum.

### **Awal Dairy Company (Food and beverage industry)**

#### **S - Strengths**

- Awal Dairy is a reputable brand in Bahrain that serves diverse consumer preferences and addresses a wide range of consumer needs.
- The company has implemented stringent quality control measures throughout its production process, ensuring the delivery of safe and high-quality dairy products to customers.

#### **W - Weaknesses**

- While Awal Dairy offers a diverse range of products, there may be limited product differentiation compared to competitors, potentially impacting its ability to stand out in the market.

#### **O - Opportunities**

- The increasing focus on health and wellness presents opportunities for the company to introduce and promote products with specific health benefits.
- Awal Dairy can explore export opportunities, leveraging its reputation for quality and expanding its customer base.

#### **T- Threats**

- Awal Dairy faces the risk of the emergence of new competitors with innovative products or strong marketing strategies.

- Shifting consumer preferences, such as a rise in vegan or plant-based diets, can impact the demand for traditional dairy products, posing a threat to the company's market share.

## Possible sectors that Indian manufacturers could establish in Bahrain

The cultural alignment, ease of business, trade correlation and geographic proximity of both countries makes Bahrain an attractive economy for Indian businesses who wish to expand across the borders.

### Pharmaceutical Sector

The size of Bahrain's pharmaceutical market was US\$ 465 million in 2019, and is limited by the country's small population. The country has two pharmaceutical manufacturing companies namely Bahrain Pharma and Gulf Biotech. Foreign drug companies dominate the market, however, none of these companies operate a local manufacturing facility within the country. The key suppliers of pharmaceuticals are executed mainly through GCC tenders, including GlaxoSmithKline, Roche, Bristol-Myers Squibb, Sandoz, Merck & Co, Pfizer, AstraZeneca, and Julphar<sup>238</sup>. In 2021, the UAE accounted for 48% of Bahrain's imports of packaged medicaments, followed by Saudi Arabia with 8%, Turkey with 5%, Jordan with 3%, and India with 2.9%<sup>239</sup>. The National Health Regulatory Authority (NHRA) is the body responsible for registration and pricing of medicine, licensing pharmaceutical factories, and granting approvals in relation to conducting clinical trials in Bahrain. The GCC generic drug market reached a value of US\$ 4.5 billion in 2021, according to IMARC Group. Looking forward, the market is expected to reach US\$ 9.9 billion by 2027, exhibiting a CAGR of 14.2% during 2022-2027<sup>240</sup>.

The Indian pharmaceutical industry plays a prominent role in the global pharmaceutical sector. The sector contributed around 1.32% of the Gross Value Added (GVA) of the Indian economy in 2020-21. The total annual turnover of Pharmaceuticals in the fiscal year of 2021-22 was US\$ 42.34 billion, with the major segments of the sector including generic drugs, Over The Counter (OTC) medicines, bulk drugs, vaccines, contract research & manufacturing, biosimilars and biologics. India is one of the biggest suppliers of low-cost vaccines around the world and accounts for 60% of the global vaccine production. The pharmaceutical industry in India is expected to reach US\$ 65 billion by 2024 and further reach US\$ 130 billion by 2030. India supplies over 50% of Africa's requirement for generics, 40% of US' requirements and 25% of UK's requirements. Sun Pharmaceuticals, Divi's Laboratories, and Cipla are among the leading pharmaceutical manufacturers in India..

### Chemical Sector

In 2020, Bahrain's chemical sector contributed 16.1% towards the country's GDP, which was lower than the GCC's average of 25.7%<sup>241</sup>. High construction activity, together with low

<sup>238</sup> [Embassy of India: Pharmexcil Report: 2020](#)

<sup>239</sup> [OFC World: Bahrain's Imports: 2021](#)

<sup>240</sup> [IMARC Group: GCC Generic Drug Market](#)

<sup>241</sup> [Gulf Petrochemicals: Facts & Figures: 2021](#)

feedstock and energy costs, indicates that the MENA region is expected to have a 10% share of global petrochemical production. Bahrain's chemical sector covers sub sectors that include the manufacture of basic chemicals, fertilizers, nitrogen compounds, plastics and synthetic rubber in primary forms. There are also pesticides, paint, inks, soaps and cleaning products, perfumes and cosmetics, as well as synthetic fibres. Some of the main chemical and plastic companies in Bahrain are Gulf Petrochemical Industries Company (GPIC), Abahsain Fiberglass JBF, Lauscha Fiber International, Hempel Paints and Berger Paints. Bahrain imported chemical products worth US\$ 1.78 billion in 2021, from the UAE accounting for 24% of chemical imports, Saudi Arabia with 14.7%, China with 8.7% and India with 5.9%, according to the Observatory of Economic Complexity (OEC). The Supreme Council for Environment in Bahrain is responsible for the imports, exports, use, storage and handling of chemicals used in the industry. The Bahraini Government is placing emphasis on developing the petrochemical industry in areas such as construction chemicals, water treatment chemicals and oil field chemicals.

India's chemical industry exhibits an array of over 80,000 commercial products. A key advantage for India is its strategic proximity to the Middle East, which serves as a major source of petrochemical feedstock, allowing for economies of scale. The country also holds a significant position as a global supplier of dyes, accounting for 16% of the world's production of dyestuff and dye intermediates. The chemicals and petrochemicals market is projected to reach US\$ 300 billion by 2025. Currently, India is the fourth largest producer of agrochemicals globally, and is projected to grow at a CAGR of 8% to 10% till 2025. The petrochemicals industry in India is expected to see a domestic demand CAGR of 8% over the next decade. The fertilizer industry is expected to increase by a CAGR of 13% over the next few years<sup>242</sup>. UPL Limited, Tata Chemicals, and Reliance Industries Limited are among the leading chemical manufacturers in India.

## Oil and Gas Sector

The oil and gas industry has been a cornerstone of Bahrain's global economic growth post the second world war. According to the Ministry of Finance and National Economy (MOFNE), crude oil and natural gas accounted for 17.4% of Bahrain's GDP in the fourth quarter of 2021. The oil sector in Bahrain grew by 4.7% year-on-year in the final quarter of 2021, which is attributed to increased production and the recovery of global oil prices<sup>243</sup>. The Ministry of Oil and Environment (MOO) is the oil and gas regulatory authority of the country. Bahrain pioneered the commercial production of crude oil in the Middle East, with the incorporation of BAPCO. The country has a number of companies in the oil and gas sector, such as BAPCO, Bahrain LNG, Bahrain National Gas Company (BANAGAS), and Tatweer Petroleum. Bahrain has a concentrated industrial footprint and abundance of spent oil and natural gas reservoirs and is actively exploring carbon capture and storage technology to deploy across the country. The forecasted market value is expected to reach US\$ 2.5 billion by 2025<sup>244</sup>.

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<sup>242</sup> [InvestIndia.gov.in: Chemicals](https://investindia.gov.in/Chemicals)

<sup>243</sup> [Oxford Business Group: Bahrain moves to expand hydrocarbons and renewable energy](#)

<sup>244</sup> [Research and Markets: Oil and Gas in Bahrain](#)

As of September 2021, India's oil refining capacity stood at 248.9 million metric tonnes per annum, making it the second largest refiner in Asia. According to the India Energy Outlook 2021 (IEA), primary energy demand is expected to nearly double to 1,123 million metric tonnes, as India's GDP is expected to increase to US\$ 8.6 trillion by 2040<sup>245</sup>. The country is also the fourth largest producer of Liquefied Natural Gas. Indian Oil Corporation Limited, Oil and Natural Gas Corporation, and Bharat Petroleum are the prominent oil and gas manufacturers in India.

## Fast Moving Consumer Goods (FMCG) Sector

The Middle East is one of the fastest-growing FMCG sectors and markets in the world, driven by a rapid population boom coupled with a marked increase in consumer spending. According to Alpen Capital's GCC food industry report, food consumption in the GCC is expected to grow at a CAGR of 3.3% from an estimated 51.5 million metric tonnes to 60.7 million metric tonnes between 2018 and 2023. Within this fast evolving region, Bahrain is emerging as the regional manufacturing and distribution hub for a growing number of FMCG industries. The industry includes processed foods, baked goods, produce, cleaning products, beverages and toiletries<sup>246</sup>. Several major international corporations have established operations in the country such as Reckitt Benckiser, Mondelez International and Olayan Kimberly-Clark.

The FMCG sector is India's fourth largest sector and has been expanding due to rising disposable income, a rising youth population, and rising brand awareness among consumers. The market in question reached US\$ 56.8 billion as of December 2022, while the market is expected to grow at a CAGR of 27.9% through 2021 to 2027, reaching nearly US\$ 615.87 billion. The top FMCG manufacturers in India are Hindustan Unilever Limited, ITC Limited, and Nestle India Limited.

## Automotive Sector

Home to several foreign brands, the region is known for its luxury sedans and sports utility vehicles (SUVs). Inherent growth drivers such as an expanding and well-heeled consumer base, high urbanization rate, significant infrastructure developments, and a bustling tourism industry are driving demand for vehicles in the region. According to Alpen Capital, Bahrain has a high vehicle ownership rate of 820 per 1,000 people. The growth in vehicle ownership is due to the growing number of expatriates in the country. As of 2016, the top three brands of passenger cars in Bahrain were Toyota comprising 45% of the market, Nissan with 10%, and Hyundai with 6% of the market<sup>247</sup>. In 2021, Bahrain imported US\$ 15.5 billion worth of cars into the country, from Japan constituting 43% of the total car imports, China with 7.2%, the UAE with 6.5%, Korea with 4.5%, and India 3.5%. The country has a number of distributors such as Behbehani Brothers W.L.L, Euro Motors Company, and Ebrahim Khalil Kanoo Company. The country has extremely limited manufacturers in the automobile industry, although the Marson Group has announced plans to open Bahrain's first electric car factory.

<sup>245</sup> [India Brand Equity Foundation: Oil & Gas Industry in India](#)

<sup>246</sup> [Economic Development Board: FMCG Sector](#)

<sup>247</sup> [Alpen Capital: GCC Automobile Industry](#)

India enjoys a strong position in the global heavy vehicles market as it is the largest tractor producer, second largest bus manufacturer, and third largest heavy truck manufacturer in the world. Maruti Suzuki, Hyundai Motor Company, and Tata Motors are among the leading automotive manufacturers in India. The Indian passenger car market was valued at US\$ 32.7 billion in 2021, and it is expected to reach a value of US\$ 54.84 billion by 2027. The Indian electric vehicle market is estimated to reach US\$ 7.09 billion by 2025. India produced 22.93 million automobiles in 2022 and is targeting to increase its exports of vehicles by five times during 2016 to 2026<sup>248</sup>.

## Renewable Energy Sector

Global energy demand stands to grow as much as 50% by 2050, and it is expected to increase in developing economies, such as Bahrain, by 2035. The total energy supply of Bahrain was 668,823 Tera Joules (TJ) in 2019, where renewable energy constituted a bare 327 TJ. The country's renewable capacity comprises mostly solar energy (94%) along with wind energy (6%), according to the International Renewable Energy Agency<sup>249</sup>. Bahrain's Sustainable Energy Authority (SEA) designs energy efficiency policies and promotes renewable energy technologies that supports Bahrain's long term climate action and environmental protection ambitions. The National Energy Efficiency Plan and the National Renewable Energy Action Plan set national energy efficiency and national renewable energy targets of 6% and 5% respectively. The country is targeting solar, wind and energy from waste as the sectors for development. Given Bahrain's climate, solar energy is a vital part of the country's clean energy. Offshore wind is also a promising sector due to the country's favourable wind conditions and its shallow waters, which are conducive to the installation of wind farms. Bahrain's energy industry is well poised for medium and long term growth as the kingdom takes further strides towards the transition to renewable energy<sup>250</sup>.

India was ranked fourth in wind power, fifth in solar power and fourth in renewable power installed capacity, as of 2020. Installed renewable power generation capacity has gained pace over the past few years, posting a CAGR of 15.92% between 2016 and 2022. As of October 2022, India's installed renewable energy capacity (including hydro) stood at 165.94 Giga Watts, representing 40.6% of the overall installed power capacity. Solar power installed capacity has increased by more than 18 times, from 2.63 Giga Watts in March 2014 to 49.3 Giga Watts at the end of 2021. The top renewable energy manufacturers in India are ReNew Power Ventures, Suzlon, Shell and Tata Power Solar Systems. It is expected that by 2040, around 49% of the total electricity will be generated by renewable energy as more efficient batteries will be used to store electricity, which will further cut the solar energy cost by 66% as compared to the current cost<sup>251</sup>.

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<sup>248</sup> [India Brand Equity Foundation: Automobile Industry](#)

<sup>249</sup> [IRENA: Energy Profile of Bahrain](#)

<sup>250</sup> [Oxford Business Group: Bahrain moves to renewable energy](#)

<sup>251</sup> [India Brand Equity Foundation: Renewable Energy](#)

## CONCLUSION

Bahrain's manufacturing sector remains a significant industry, meeting local demands and driving economic growth. Despite the lack of natural resources, Bahrain has utilized its revenue from oil resources to procure the necessary resources for its manufacturing sector. The government has implemented various strategies, programs, and incentives to attract foreign investors, which has boosted the country's manufacturing sector and made it a key driver of economic growth. Additionally, Bahrain has created an attractive environment and ecosystem for both work and leisure, attracting talented individuals and helping to achieve the country's economic diversification plans. While the oil and gas industry still contributes significantly to Bahrain's GDP, the government's efforts to diversify the economy will have a positive impact in the future. Bahrain has established a strong reputation for aluminium and steel manufacturing, with a well-developed infrastructure and logistics connectivity. These factors, combined with Bahrain's favourable economic conditions, make it an ideal location for international businesses looking to establish a manufacturing hub in the Gulf market. Overall, Bahrain's numerous advantages and cultural alignment with India make it an attractive destination for Indian manufacturers seeking to establish a manufacturing company.

## APPENDIX

### 1. Legislative/ Governmental Bodies of Bahrain

Since the 18th century, the country's ruling family- the Al Khalifa, has assumed the title of Amir. A constitution promulgated in 2002 established Bahrain as a constitutional hereditary monarchy, whose head of state is now titled King. The executive is composed of a Prime Minister, who is head of the government, and a Council of Ministers appointed by the King. The legislative branch consists of two houses - the Consultative Council (Shura Council) and the Chamber of Deputies.

#### **Ministry of Finance and National Economy (MOFNE)**

The Ministry of Finance and National Economy is responsible for formulating and implementing the financial policies of Bahrain with the overall vision of the Bahrain Government. The Ministry prepares the state general budget in coordination with other ministries and public entities in a way that reflects the financial and economic objectives of the Kingdom.

#### **Ministry of Industry and Commerce (MOIC)**

The Ministry of Industry and Commerce focuses on leading economic sectors in industry, trade, tourism, and services based on technology, communications, business services, health, education, and training. The Ministry also strives to increase economic competition and foreign investment by providing an appropriate environment and to enhance Bahrain's role as a distinct commercial location and a gateway for free trade and re-export operations. The services provided by the Ministry are approval of manufacturing facilities, issuing building permits, and management of all industrial areas.

#### **Ministry of Transportation and Telecommunications (MOTT)**

Bahrain's Ministry of Transportation and Telecommunications is the government body responsible for the development and regulation of the Kingdom's transportation and telecommunications infrastructure and systems. MTT's responsibilities include the development, regulation, and streamlining of Bahrain's civil aviation affairs, ports and maritime affairs, land transport affairs, and Bahrain Post.

#### **Ministry of Labour and Social Development (MLSD)**

The Ministry of Labour and Social Development provides distinguished labour services to beneficiaries through programs, initiatives, and partnerships with professional local expertise to achieve sustainability, justice, and competitiveness. This process is carried out through partnerships with the Bahrain Chamber, Tamkeen, the Labor Market Regulatory Authority (LMRA), and the Information and eGovernment Authority.

#### **Ministry of Oil and Environment (MOO)**

The Ministry of Oil and Environment is in charge of the regulation, oversight, and development of the oil and gas industries in Bahrain, as well as environmental issues. It absorbed the National Oil and Gas Authority (NOGA), and all its functions were taken over by the Ministry.

**Ministry of Foreign Affairs (MOFA)**

Bahrain's Ministry of Foreign Affairs is responsible for coordinating and implementing all matters related to the nation's foreign policy, Bahrain's relations with other countries and international organisations and protecting the interests of Bahraini citizens abroad.

**Ministry of Interior- Nationality, Passports & Residence Affairs (NPRA)**

The Nationality, Passport, and Residence Affairs Authority is the organisation responsible for managing the borders of the Kingdom. This responsibility includes processing visa applications that grant travellers access to the country.

**Bahrain Chamber of Commerce and Industry (BCCI)**

Since its inception in 1939, the BCCI has played a prominent role in shaping the national economy of Bahrain and creating a vigorous private sector. It has consolidated its efforts to stimulate the growth and expansion of the private sector and empower its role in the economic development of the country alongside the public sector.

**Bahrain Economic Development Board (EDB)**

The Bahrain Economic Development Board is a dynamic public agency with the responsibility of attracting investment into Bahrain and supporting initiatives that enhance the investment climate. The EDB focuses on economic sectors that capitalise on Bahrain's competitive advantages, including financial services, manufacturing, ICT, tourism, logistics and transport.

**Labour Support Fund (Tamkeen)**

Since its inception in 2006, the Labour Support Fund (Tamkeen) has taken great strides in transforming Bahrain's labour market by providing programs and support for enterprises and Bahraini talent. It was founded to support the sustainable development and growth of the Kingdom's economy by strengthening the private sector.

**Labour and Market Regulatory Authority (LMRA)**

The LMRA was founded in 2006 to regulate the labour market by assuming all the tasks and specialties required, regulating the work permits for expatriate employees, handling licences of manpower agencies and employment offices, and handling work permits for the expatriate employers in the Kingdom. The Authority is also concerned with developing a comprehensive national plan for the labour market that includes the general strategy and policy regarding local and expatriate employment, in addition to collecting and analysing data, statistics, and information related to the economic situation of Bahrain. The authority proceeds with its partners in Team Bahrain to ensure providing a distinguished service.

**Information & eGovernment Authority (IGA)**

The Information and eGovernment Authority is a part of the Ministry of Labour and Social Development and strives to achieve cyber security integration between public sector institutions and provide information to investors and the public in order to support decision making,



creativity, and innovation. The authority also facilitates services for the IT sector through information technology and data programs.

### Central Bank of Bahrain (CBB)

The Central Bank of Bahrain is a public corporate entity established by the 2006 CBB and Financial Institutions Law. The CBB is responsible for maintaining monetary and financial stability in Bahrain. The CBB implements Bahrain's monetary and foreign exchange rate policies, manages the government's reserves and debt issuance, issues the national currency and oversees the country's payments and settlement systems.

## 2. Initiatives by SMEs Development Board in Bahrain

Initiative	Brief
Export Bahrain	The initiative enables SMEs to internationalize their products.
Tamkeen Funding scheme	The initiative enables fundraising during the pre-seed stage of startups to develop a prototype (up to BHD 10,000).
Tamkeen Sijili support	The initiative provides grants up to BHD 5,000.
Bahrain Development Bank Al-Waha Fund	A US\$ 100 million fund is used to attract venture capital.
Bahrain Bourse Bahrain Investment Market	The initiative provides access to finance for fast growing companies.
MOIC SMEs registration online	The initiative provides development programs dedicated for the MSME sector.
Tamkeen Solar Energy support	A support program aiming to facilitate the purchase of energy generated solar panels for enterprises.
Hope Crowdfunding platform	The initiative aims to bridge the gap between entrepreneurs and investors by bringing them together on a single platform.
MOIC Made in Bahrain	The initiative supports national products to improve local content, quality and market access as a better alternative to imported products.
Tamkeen Technology skills development	The initiative aims to bridge the technological gap by providing vocational training, and assistance in taking advantage of technological trends.
Bahrain Development Bank Tijara	A digital product that supports SME growth and expansion by offering efficient and accessible lending products.

### 3. Eligibility criteria for listing an organization on the Bahrain Investment Market (BIM)

The organization must follow the listing requirements below:

- The minimum paid-up capital required for admission is BHD 250,000, or its equivalent in other currencies
- The applicant must be established or converted to a Closed Shareholding Company in Bahrain, or its equivalent in any other jurisdiction
- Sufficient working capital for at least 12 months post listing
- Maintain a free float of at least 10% of the total issue outstanding shares
- The minimum shareholders should be two
- A two-year lock up period starting from the date of listing
- Attain best practices in corporate governance

### 4. Customs procedure

Importers or their local agents must complete a bill of entry before importing goods to Bahrain. The importer is required to submit the customs declaration in addition to the following documents for the importation of goods:

- Import customs declaration form
- Shipping agent delivery order from shipping agent line to importer (with valid commercial registration)
- Three copies of the original invoices from the exporter addressed to the importer
- Two copies of the packing list with detailed weights, packaging and good classification for each individual item within the shipment
- An original certificate of origin from relevant chambers of commerce of country of origin of goods
- A copy of the insurance policy
- Original bill of lading
- Import permit/approval from relevant authority for importation of restricted goods
- Bank advice/guarantee (if applicable)
- A statistical declaration if the final destination of the goods is with the GCC countries

Upon submission of the customs declaration form using the eCAS Customs Clearing System and payment for duty and relevant cargo handling fees, the goods will be inspected and then cleared if no risk pertains.

### 5. Scorecard analysis

EQUALIZED DATA	Bahrain	Saudi Arabia	UAE	Oman	Kuwait	Qatar
<b>Supply chain</b>	73	78	100	66	70	84
DHL Global Connectedness Index (2021)	73	78	100	66	70	84

<b>Regulatory</b>	96	76	83	76	80	80
Economic Freedom (2020)	100	91	98	89	90	94
Business Freedom (2023)	83	93	100	77	80	81
Investment Freedom (2023)	100	59	59	65	76	71
Financial Freedom (2023)	100	63	75	75	75	75
<b>Costs</b>	65	82	58	42	62	76
Cost of Labour (2023)	100	92	70	89	94	93
Cost of Electricity (2023)	67	80	50	9	50	100
Cost of Water (2023)	55	56	100	38	73	73
Cost of Land (2023)	39	100	10	32	29	38
<b>Economic conditions</b>	94	89	100	87	83	85
Ease of Doing Business (2020)	94	89	100	87	83	85
<b>Taxes and incentives</b>	95	87	94	93	95	98
Trade Freedom (2023)	100	88	93	90	90	97
Value Added Tax (2023)	90	85	95	95	100	100
<b>Talent</b>	97	89	99	94	54	94
Best Place for Expats to Live (2022)	100	88	98	92	0	86
Safety Index (2023)	94	92	99	98	80	100
Human Capital Index (2020)	97	87	100	91	84	96
<b>Technology</b>	95	82	100	79	87	77
Digital Adoption Index (2016)	95	82	100	79	87	77

## Basis of scoring

### Supply chain

#### DHL Global Connectedness Index<sup>252</sup>

The report published by DHL in 2021 is a thorough examination of the state of globalization analyzing trade, capital, information and people flows at the global, regional and national levels.

### Regulatory

#### Economic Freedom<sup>253</sup>

<sup>252</sup> [DHL: 2022 DHL Global Connectedness Index: 2022](#)

<sup>253</sup> [Fraser Institute: Economic Freedom: 2022](#)

The report published by the Fraser Institute in 2020 measures the economic freedom of a country on the basis of five major areas namely the size of the government, legal system and security of property rights, sound money, freedom to trade internationally and regulation.

### **Business, Investment and Financial Freedom<sup>254</sup>**

The report published by the Heritage Foundation in 2023 measures business freedom as an overall indicator of the efficiency of government regulation of business. The investment freedom evaluates a variety of restrictions that are typically imposed on investment. Lastly, financial freedom is a measure of banking efficiency as well as a measure of independence from government control and interference in the financial sector.

### **Economic conditions**

#### **Ease of Doing Business<sup>255</sup>**

The report published by the World Bank in 2020 assesses the strength of the business environment on the basis of an economy's performance in five key areas namely opening a business, obtaining a location, accessing finance, dealing with day-to-day operations and operating in a secure business environment.

### **Taxes and Incentives**

#### **Trade Freedom<sup>256</sup>**

The report published by the Heritage Foundation in 2023 measures Trade freedom based on the measures of the absence of tariff and non-tariff barriers that affect imports and exports of goods and services.

### **Talent**

#### **Best Place for Expatriates to Live<sup>257</sup>**

The report published by InterNations in 2022 measures countries on the basis of quality of life, ease of settling, working abroad, expatriate essentials and personal finance.

#### **Safety Index<sup>258</sup>**

The report published by Numbeo in 2023 is an estimation of the overall level of crime in a country. The scoring system rates the country's safety levels into categories such as very low, low, moderate, high and very high.

#### **Human Capital Index<sup>259</sup>**

The report published by the World Bank in 2020 provides a new definition of human capital and quantifies the contribution of health and education to the productivity of the next generation of workers.

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<sup>254</sup> [Heritage Foundation: Index of Economic Freedom: 2023](#)

<sup>255</sup> [World Bank: Doing Business 2020: 2020](#)

<sup>256</sup> [Heritage Foundation: Index of Economic Freedom: 2023](#)

<sup>257</sup> [InterNations: The Best & Worst Places for Expats in 2022: 2022](#)

<sup>258</sup> [Numbeo: Crime Index by Country 2023: 2023](#)

<sup>259</sup> [WorldBank: The Human Capital Index 2020 Update: 2020](#)

## Technology

### Digital Adoption Index<sup>260</sup>

The Digital Adoption Index measures a country's digital adoption across three dimensions of the economy namely people, government and business. The report was published in 2016 by The World Bank, and assesses the supply side of digital adoption to maximize coverage of the country. The overall score is an average of three sub-indexes comprising technologies necessary for the country to promote development in the digital era.

## 6. Industrial parks of Bahrain

### Sitra Industrial Park



### Ma'ameer Industrial Park

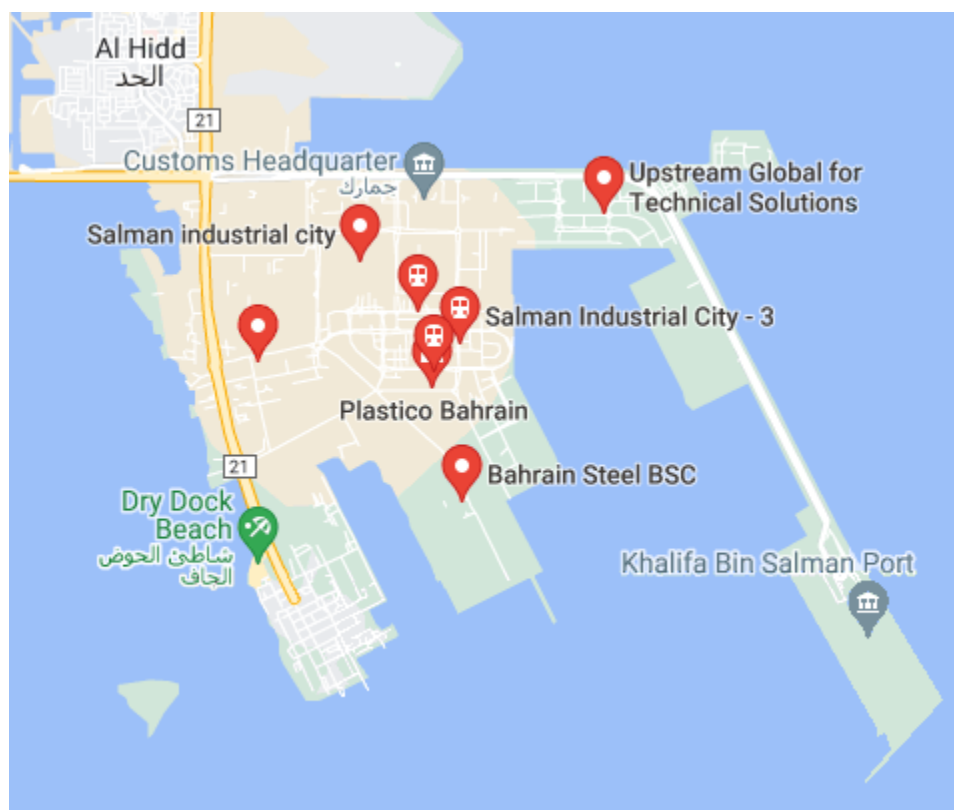


<sup>260</sup> [The World Bank: Digital Adoption Index: 2016](#)

## Mina Salman Industrial Park



## Salman Industrial City



## 7. Countries eligible for Visa on arrival in Bahrain

<b>A</b>	Afghanistan, Albania, Algeria, Andorra, Angola, Anguilla, Antigua and Barbuda, Argentina, Armenia, Aruba, Australia, Austria, Azerbaijan
<b>B</b>	Bahamas, Bangladesh, Barbados, Belgium, Belize, Benin, Bhutan, Bolivia, Bosnia and Herzegovina, Botswana, Brazil, British Virgin Islands, Brunei, Bulgaria, Burkina Faso, Burundi
<b>C</b>	Cabo Verde, Cambodia, Cameroon, Canada, Caribbean Netherlands, Cayman Islands, Central African Republic, Chad, Chile, China, Colombia, Comoros, Congo, Costa Rica, Croatia, Cuba, Curacao, Cyprus, Czech Republic
<b>D</b>	Democratic Republic of Congo, Denmark, Djibouti, Dominica, Dominican Republic
<b>E</b>	Ecuador, Egypt, El Salvador, Equatorial Guinea, Eritrea, Estonia, Ethiopia
<b>F</b>	Falkland Islands, Fiji, Finland, France, French Guyana
<b>G</b>	Gabon, Gambia, Georgia, Germany, Ghana, Greece, Grenada, Guadeloupe, Guatemala, Guinea-Bissau, Guinea, Guyana
<b>H</b>	Haiti, Honduras, Hong Kong, Hungary
<b>I</b>	Iceland, India, Indonesia, Iraq, Ireland, Isle of Man, Isle of Wight, Israel, Italy, Ivory Coast
<b>J</b>	Jamaica, Japan, Jordan
<b>K</b>	Kazakhstan, Kenya, Kiribati, Kyrgyzstan
<b>L</b>	Laos, Latvia, Lebanon, Lesotho, Liberia, Libya, Lichtenstein, Lithuania, Luxemburg
<b>M</b>	Macau, Macedonia, Madagascar, Malawi, Malaysia, Maldives, Mali, Malta, Marshall Islands, Martinique, Mauritania, Mauritius, Mexico, Micronesia, Moldova, Monaco, Mongolia, Montenegro, Montserrat, Morocco, Mozambique, Myanmar
<b>N</b>	Namibia, Nauru, Nepal, Netherlands, New Zealand, Nicaragua, Niger, Nigeria, Norway
<b>P</b>	Pakistan, Palau, Palestine, Panama, Papua New Guinea, Paraguay, Peru, Philippines, Poland, Portugal, Puerto Rico
<b>R</b>	Romania, Rwanda, Russia
<b>S</b>	Saint Barthelemy, Saint Kitts and Nevis, Saint Lucia, Saint Martin, Saint Vincent and the Grenadines, Samoa, San Marino, Sao Tome and Principe, Senegal, Serbia, Seychelles, Sierra Leone, Singapore, Sint Maarten, Slovakia, Slovenia, Solomon Islands, Somalia, South Africa, South Korea, South Sudan, Spain, Sri Lanka, Sudan, Suriname, Swaziland, Sweden, Switzerland, Syria
<b>T</b>	Taiwan, Tajikistan, Tanzania, Thailand, Timor-Leste, Togo, Tonga, Trinidad and Tobago, Tunisia, Turkey, Turkmenistan, Turks and Caicos Islands, Tuvalu

<b>U</b>	Uganda, UK, Ukraine, United States Virgin Islands, Uruguay, US, Uzbekistan
<b>V</b>	Vanuatu, Vatican City, Venezuela, Vietnam
<b>Y</b>	Yemen
<b>Z</b>	Zambia, Zimbabwe

## 8. Websites for Bahrain

Legislative Body	Website URL
<b>Capital</b>	
Labour Fund- Tamkeen	<a href="https://www.tamkeen.bh/">https://www.tamkeen.bh/</a>
Central Bank of Bahrain (CBB)	<a href="https://www.cbb.gov.bh/">https://www.cbb.gov.bh/</a>
<b>Labour</b>	
Labour and Market Regulatory Authority (LMRA)	<a href="https://www.lmra.gov.bh/en/home">https://www.lmra.gov.bh/en/home</a>
Ministry of Labour and Social Development (MLSD)	<a href="https://www.mlzd.gov.bh/?lang=en">https://www.mlzd.gov.bh/?lang=en</a>
Ministry of Interior- Nationality, Passports & Residence Affairs (NPRA)	<a href="https://www.npra.gov.bh/en/">https://www.npra.gov.bh/en/</a>
Information & eGovernment Authority (IGA)	<a href="https://www.iga.gov.bh/en/">https://www.iga.gov.bh/en/</a>
Social Insurance Organization (GOSI)	<a href="https://www.sio.gov.bh/">https://www.sio.gov.bh/</a>
<b>Economy</b>	
Ministry of Finance and National Economy (MOFNE)	<a href="https://www.mofne.gov.bh/">https://www.mofne.gov.bh/</a>
Ministry of Industry and Commerce (MOIC)	<a href="https://www.moic.gov.bh/en/Pages/Home.aspx">https://www.moic.gov.bh/en/Pages/Home.aspx</a>
Ministry of Foreign Affairs (MOFA)	<a href="https://www.mofa.gov.bh/">https://www.mofa.gov.bh/</a>
Bahrain Chamber of Commerce and Industry (BCCI)	<a href="https://bahrainchamber.bh/en">https://bahrainchamber.bh/en</a>
Bahrain Economic Development Board (EDB)	<a href="https://www.bahrainedb.com/">https://www.bahrainedb.com/</a>
Bahrain India Society (BIS)	<a href="https://bahindsociety.org/society.php">https://bahindsociety.org/society.php</a>



<b>Infrastructure</b>	
Ministry of Transportation and Telecommunications (MOTT)	<a href="https://mtt.gov.bh/">https://mtt.gov.bh/</a>
Ministry of Works	<a href="https://www.works.gov.bh/english/Pages/home2.aspx">https://www.works.gov.bh/english/Pages/home2.aspx</a>
Electricity and Water Authority (EWA)	<a href="https://www.ewa.bh/en">https://www.ewa.bh/en</a>
<b>Environment</b>	
Ministry of Oil and Environment (MOO)	<a href="http://noga.gov.bh/moo/default.aspx">http://noga.gov.bh/moo/default.aspx</a>
Supreme Council for Environment (SEC)	<a href="https://www.sce.gov.bh/en/index">https://www.sce.gov.bh/en/index</a>
<b>Standards and Safety</b>	
Ministry of Interior (MOI)	<a href="https://www.interior.gov.bh/en/">https://www.interior.gov.bh/en/</a>
Bahrain Testing and Metrology Directorate (BTMD)	<a href="https://www.iso.org/organization/1533.html">https://www.iso.org/organization/1533.html</a>

## 9. Websites for India

<b>Legislative Body</b>	<b>Website URL</b>
<b>Capital</b>	
Central Bank of India (CBI)	<a href="https://www.centralbankofindia.co.in/en">https://www.centralbankofindia.co.in/en</a>
State Bank of India (SBI)	<a href="https://www.onlinesbi.sbi/">https://www.onlinesbi.sbi/</a>
Securities and Exchange Board India (SEBI)	<a href="https://www.sebi.gov.in/">https://www.sebi.gov.in/</a>
<b>Labour</b>	
Ministry of Labour and Employment	<a href="https://labour.gov.in/">https://labour.gov.in/</a>
National Health Authority (NHA)	<a href="https://nha.gov.in/">https://nha.gov.in/</a>
Ministry of Social Justice and Empowerment	<a href="https://socialjustice.gov.in/">https://socialjustice.gov.in/</a>
Ministry of External Affairs	<a href="https://services.india.gov.in/service/ministry_services?ln=en&amp;cmd_id=1075">https://services.india.gov.in/service/ministry_services?ln=en&amp;cmd_id=1075</a>
<b>Economy</b>	
Confederation of Indian Industry (CII)	<a href="https://www.cii.in/">https://www.cii.in/</a>

Department of Economic Affairs (DEA)	<a href="https://dea.gov.in/">https://dea.gov.in/</a>
Ministry of Finance	<a href="https://finmin.nic.in/">https://finmin.nic.in/</a>
Ministry of Commerce and Industry	<a href="https://commerce.gov.in/">https://commerce.gov.in/</a>
Ministry of Heavy Industries	<a href="https://heavyindustries.gov.in/">https://heavyindustries.gov.in/</a>
<b>Infrastructure</b>	
Ministry of Road Transport and Highways (MoRTH)	<a href="https://morth.nic.in/">https://morth.nic.in/</a>
Department of Telecommunication (DOT)	<a href="https://dot.gov.in/">https://dot.gov.in/</a>
Land Ports Authority of India (LPAI)	<a href="https://lpai.gov.in/en">https://lpai.gov.in/en</a>
Ministry of Water Resources (DOWR)	<a href="https://www.mowr.gov.in/">https://www.mowr.gov.in/</a>
<b>Environment</b>	
Ministry of Petroleum and Natural Gas (MOPNG)	<a href="https://mopng.gov.in/en">https://mopng.gov.in/en</a>
Ministry of Environment, Forest and Climate Change (MOEF)	<a href="https://moef.gov.in/en/">https://moef.gov.in/en/</a>
<b>Standards and Safety</b>	
Ministry of Consumer Affairs	<a href="https://consumeraffairs.nic.in/">https://consumeraffairs.nic.in/</a>
Food Safety and Standards Authority of India (FSSAI)	<a href="https://www.fssai.gov.in/">https://www.fssai.gov.in/</a>
<b>Tax</b>	
Central Board of Direct Taxes	<a href="https://incometaxindia.gov.in/pages/tax-laws-rules.aspx">https://incometaxindia.gov.in/pages/tax-laws-rules.aspx</a>
Goods and Services Tax (GST)	<a href="https://www.gst.gov.in/">https://www.gst.gov.in/</a>
<b>Geography</b>	
Country overview	<a href="https://www.britannica.com/place/India">https://www.britannica.com/place/India</a>
Manufacturing sector overview	<a href="https://www.ibef.org/">https://www.ibef.org/</a>
Industrial Parks overview	<a href="https://www.investindia.gov.in/great-places-for-manufacturing-in-india">https://www.investindia.gov.in/great-places-for-manufacturing-in-india</a>
Manufacturing license	<a href="https://services.india.gov.in/service/detail/apply-online-for-manufacturer-license-1">https://services.india.gov.in/service/detail/apply-online-for-manufacturer-license-1</a>

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## ABOUT ASSURE CONSULTING

Assure Consulting is a professional firm of auditors and management consultants, headquartered in the Kingdom of Bahrain. We provide management consulting, and financial advisory services to a broad range of Financial Institutions, Corporations, Healthcare, Family Businesses and Government Entities. Our founder established the consulting practice two decades ago in Bahrain.



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