

Interactive Session on

“BUSINESS OPPORTUNITIES IN BAHRAIN”

Chennai: June 27, 2006 & Pune: June 29, 2006

BACKGROUND

The workshop was conducted by Eximius Centre on June 27 and 29, 2006 at Chennai and Pune respectively, in association with the Economic Development Board, Bahrain (EDB), the investment promotion agency of the Kingdom of Bahrain. The objective of the programme was to present before the existing and prospective clients of Exim Bank the advantages of Bahrain as an investment destination, and to attract direct investments from India. A total of 84 participants from medium sized externally oriented companies attended the two programmes.

FACULTY

A business delegation from Bahrain led by Dr. Zakaria Hejres, Dy. Chief Executive, EDB, and comprising senior officials from EDB, the Al Moayyed Group, the Shaheen Group, Bahrain International Investment Park and Aluminium Bahrain.

TOPICS

1. Overview of Bahrain as an investment destination;
2. Facilities in Bahrain;
3. Role of EDB.

GIST OF TOPICS

1. Overview of Bahrain as an Investment Destination

With its liberalised economy and business friendly policies in a range of areas, Bahrain attracts a higher proportion of foreign investments than any other Gulf State. Bahrain was one of the first nations in the Gulf to recognise the need to diversify its economy, and to promote and

facilitate the setting up of new businesses. In addition, Bahrain offers the following advantages in terms of an investment destination:

- An open and democratic society
- World class infrastructure
- Cosmopolitan living
- A skilled and flexible workforce.

A founding member of Gulf Cooperation Council (GCC) along with Kuwait, Oman, Qatar, Saudi Arabia, and the UAE, Bahrain is home to many pan-regional financial, commercial and industrial institutions and joint projects. With its close proximity and unique accessibility to the rest of the GCC by road, air and sea, Bahrain acts as an important gateway to the rest of the Gulf, and provides easy access to the wider Middle East market. Bahrain is also linked to the rest of the region through Fibre Optic Gulf cable (FOG) and high-tech FLAG Falcon cable system.

Bahrain has in place bilateral trade and economic agreements with many countries such as Australia, China, France, India, Jordan, Malaysia, Russia, Singapore, South Korea, and the UK. Bahrain has recently signed a Free Trade Agreement (FTA) with the USA, sharing a mutual trade approaching US\$ 1 billion per year. Bahrain has also been recognised as a 'major non-NATO ally' of the USA. Consistently ranked among the world's top free economies, and as the freest economy in the Middle East and Arab world, Bahrain enjoys investment grade rankings from leading international rating agencies.

Bahrain is home to over 370 onshore and offshore financial institutions comprising commercial banks, investment banks, leasing banks, insurance and reinsurance companies, fund managers, legal and advisory services, financial consultants, international regulatory agencies, real estate investment trusts, and professional institutes.

Bahrain is also ranked high in UNDP Human Resources Index, and is party to international environmental agreements covering biodiversity, climate change, hazardous wastes, law of the sea, ozone layer protection, and wetlands.

2. Facilities in Bahrain

The reasons for Bahrain attracting a high level of foreign investment include:

- Strategic location at the heart of the Arabian Gulf, providing ideal access to the GCC;
- 100% foreign ownership for most categories of business;
- Highly favourable tax environment, with no corporate, personal, value-added or withholding tax;
- Sustained low rate of inflation of under 2% a year;
- No restriction on repatriation of capital, profits or dividends;
- Cost-efficient, trained and bilingual human capital;
- Full customs duty exemption on:
 - capital goods and goods destined for re-export,
 - raw materials for manufacturing,
 - semi-finished goods imported for further processing,
 - imports required for development projects, and
 - initial import of capital goods for manufacturing;
- High standard of living with cosmopolitan atmosphere;
- World class international airport and regional air traffic hub;
- Causeway connection to Saudi Arabia, the largest single market in the region, and Qatar (planned);
- Mature legal and administrative infrastructure;
- One-stop facility for all information and application processing needs of investors.

3. Role of EDB

EDB is a dynamic public agency with an overall responsibility for formulating and overseeing the economic development strategy of Bahrain, and for creating the right climate to attract direct investment. The role of the EDB is to provide leadership by uniting all the stakeholders

through a unified vision, and to develop key strategies for growth. EDB also acts as a facilitator, helping all the stakeholders to understand and adopt the changes necessary for progress. In addition, the EDB provides sound project management to ensure that reform initiatives are implemented in an effective and timely manner. Among other facilities, EDB offers an investor-facilitation service to serve as the first point of contact to the country, for understanding the objectives of investors, providing them with information on relevant procedures for setting up business, and helping them form a network of contacts in Bahrain.

EDB has played a leading role in a number of important recent initiatives of Bahrain such as bringing about the privatisation law, and becoming the first country in the Arab world to fully liberalise its telecom industry. EDB is focusing on several economic sectors in which the Kingdom offers significant strengths including:

- Financial Services;
- Downstream industries;
- Tourism;
- Business Services;
- Logistics;
- Health, education and training.

EDB is also responsible for marketing Bahrain abroad through its overseas network of offices, and by working closely with its embassies across the world to promote business investment opportunities. Details are available on the website www.bahrainedb.com
