



Cost of Doing Business: Manufacturing

2019

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Glossary of frequently used terms

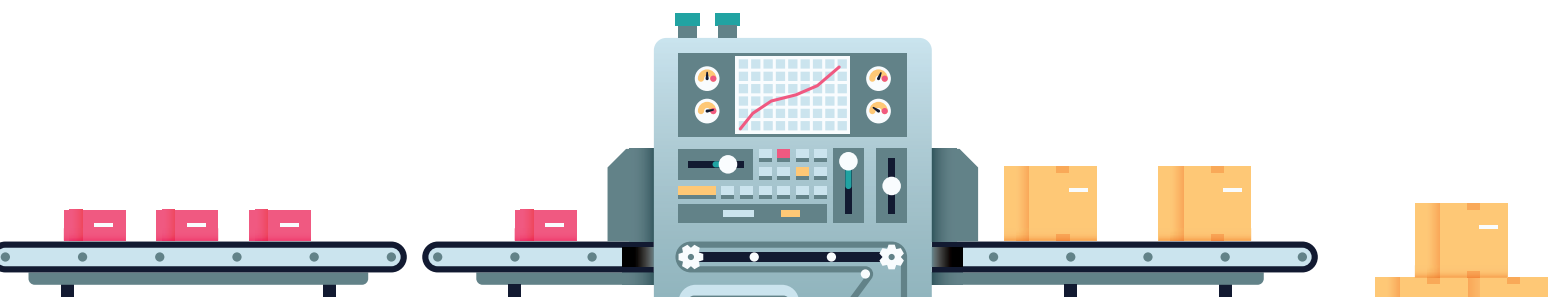
| | |
|------------------|--|
| BIIP | Bahrain International Investment Park |
| DEWA | Dubai Electricity and Water Authority |
| DIP | Dubai Investments Park |
| GAFTA | Greater Arab Free Trade Area |
| GCC | Gulf Cooperation Council |
| LMRA | Labor Market Regulatory Authority |
| JAFZA | Jebel Ali Free Zone |
| KAEC | King Abdullah Economic City |
| KIZAD | Khalifa Industrial Zone |
| NIP | National Industries Park |
| SAGIA | Saudi Arabian General Investment Authority |
| SAIF Zone | Sharjah Airport International Free Zone |
| SPFZ | Sohar Port and Freezone |
| RAK FTZ | Ras Al Khaimah Free Trade Zone |
| USD | United States Dollar |
| UAE | United Arab Emirates |
| VAT | Value-Added Tax |





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I. Executive Summary



“

Bahrain enjoys cost advantage of 18% to 33% in terms of annual operating cost for a manufacturing business when compared with select GCC countries

”

Introduction

This report looks at the typical costs associated with operating a manufacturing business in the following GCC jurisdictions:

- **Bahrain:** Bahrain International Investment Park (BIIP)
- **Saudi Arabia:** King Abdullah Economic City (KAEC), Jeddah; Dammam 3rd Industrial City, Dammam; and Riyadh 3rd Industrial City, Riyadh
- **UAE:** National Industries Park (NIP), Dubai; Dubai Investments Park (DIP), Dubai; Jebel Ali Free Zone (JAFZA), Dubai; Dubai South, Dubai; Sharjah Airport International Free Zone (SAIF Zone), Sharjah; Khalifa Industrial Zone (KIZAD), Abu Dhabi; and Ras Al Khaimah Free Trade Zone (RAK FTZ), Ras Al Khaimah
- **Oman:** Sohar Port and Freezone (SPFZ), Sohar

The report analyzes the cost of business registration and licensing; land rentals; construction cost for industrial units; renting cost for office and pre-built industrial facilities; infrastructure levy cost; utility charges; manpower and labor accommodation cost; employment visa cost; transport and logistics-related costs. Overall, the annual cost of operating a manufacturing business in Bahrain is significantly lower (18 to 33 percent) than that of its select GCC peers.

With respect to the land leasing prices, Bahrain is significantly cheaper than the GCC average. In terms of transport and logistics costs, Bahrain is lower by 25 to 55 percent when compared to the GCC markets studied.

Bahrain has the lowest manpower cost in the GCC, with an estimated annual manpower salary cost 6 to 28 percent lower than its GCC peers.

Additionally, visa and permit costs in Bahrain remain considerably lower than Saudi Arabia and Oman. Visa and permit costs are the highest in Saudi Arabia.

Blue-collar accommodation cost in Bahrain is 25 to 70 percent lower than the other benchmarked jurisdictions. Based on the average monthly consumption for a typical light industrial unit, the electricity costs incurred in Saudi Arabia are the lowest, followed by Oman and Bahrain.

Value-added tax (VAT) was introduced in Saudi Arabia and the UAE in January 2018, followed by Bahrain in January 2019. Oman is yet to implement VAT.



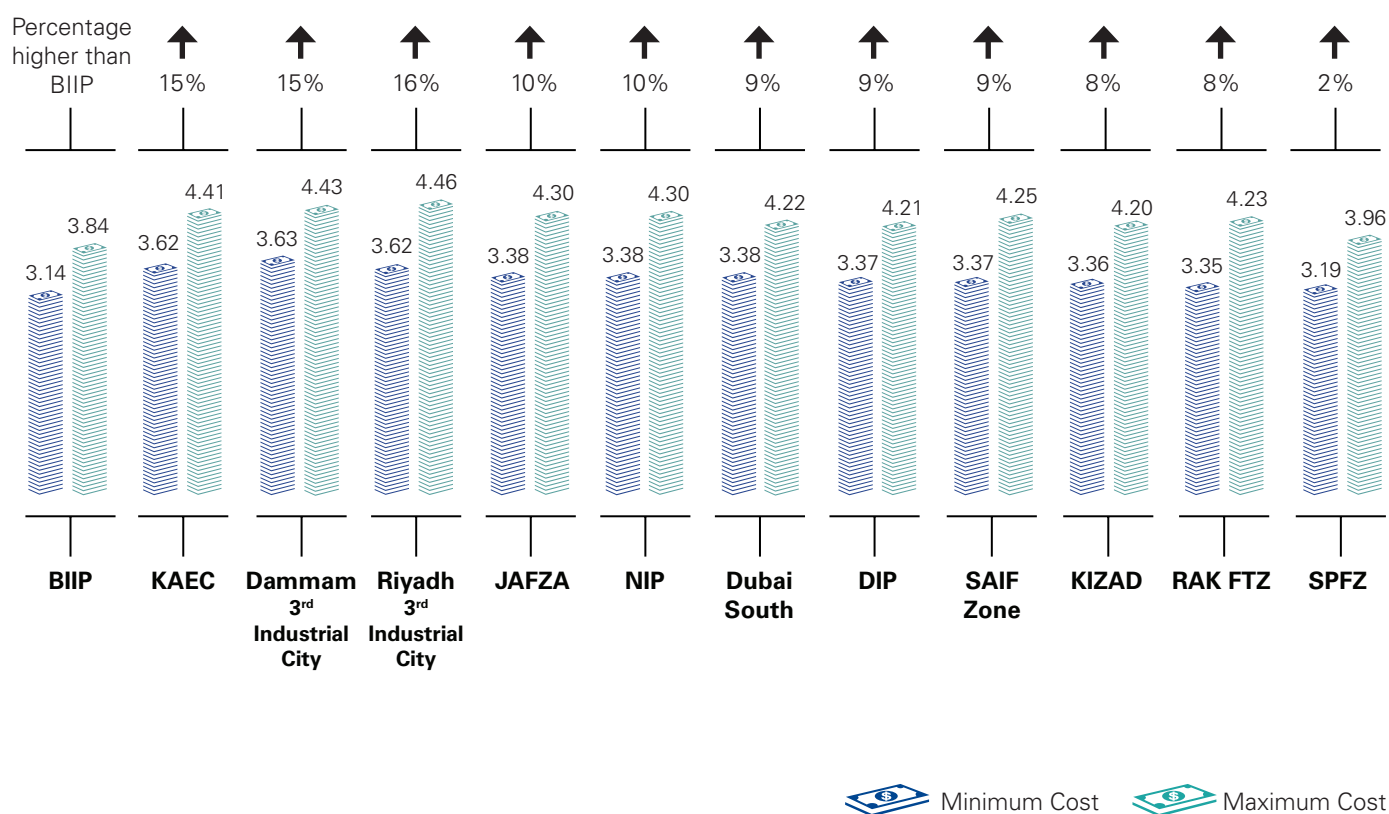
Cost of Setting up a Manufacturing Business

Figure A below outlines the estimated overall cost of setting-up a manufacturing business across the benchmarked manufacturing parks. To estimate the cost of setup an illustrative example with the following assumptions has been taken:

- Plot of Land: 5,000 sqm
- Built-up Area: 3,000 sqm (taken at 60% of the land size)
- Number of Employees in the Setup Phase: 10

Based on the parameters taken to arrive at the estimated business setup cost, BIIP emerges as the most competitive destination. Compared to BIIP, the setup cost at other benchmarked manufacturing parks is around 2% to 16% higher (refer to Chapter 2.10).

Figure A: Cost of Setting up a Manufacturing Business
(USD million)



**It is to be noted that there is no corporate tax in Bahrain*



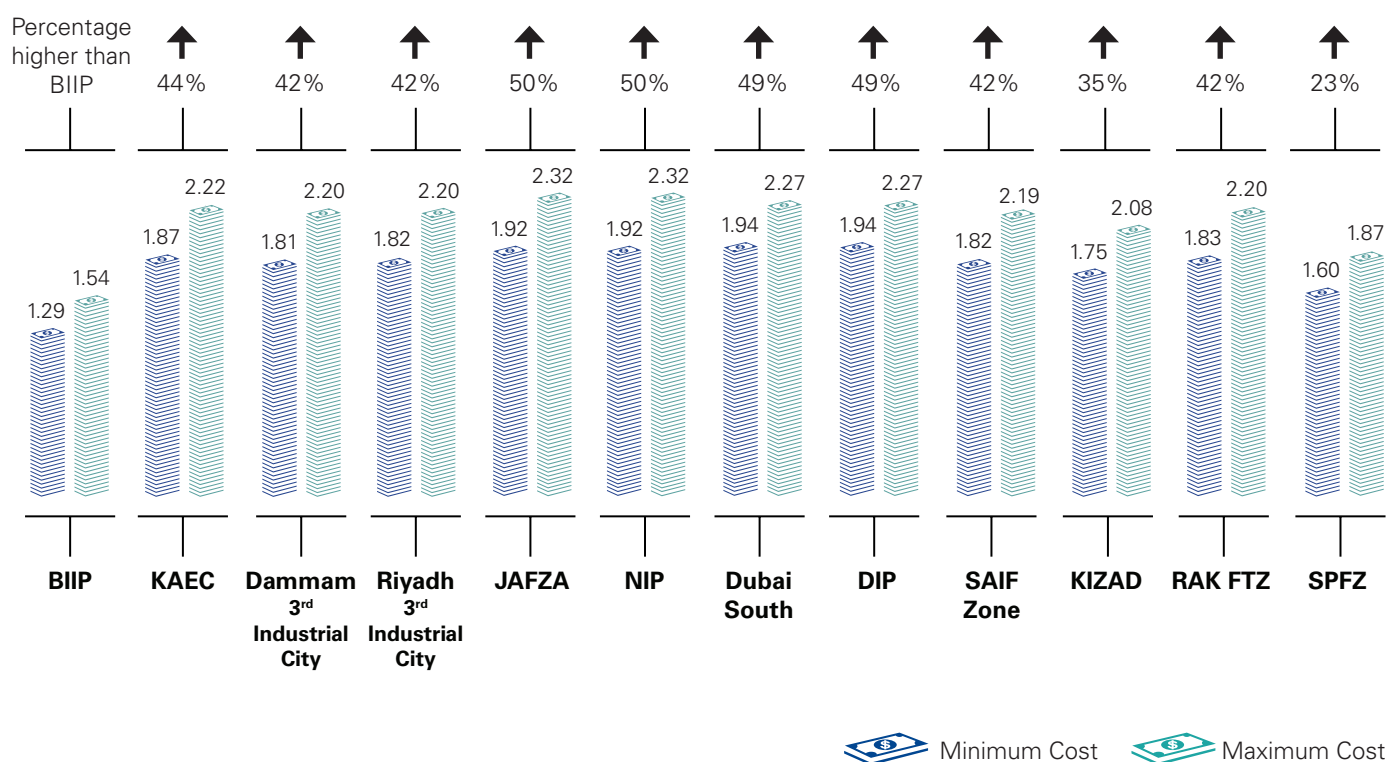
Annual Cost of Operating a Manufacturing Business

Figure B below outlines the estimated overall annual cost of operating a manufacturing business across the benchmarked manufacturing parks. To estimate the annual cost an illustrative example with the following assumptions has been taken:

- Plot of Land: 5,000 sqm
- Built-up Area: 3,000 sqm (taken at 60% of the land size)
- Number of Employees in the Operating Phase: 45
- Annual cost of dependents visa, national ID and health insurance for a spouse and two children for 10 management level staff
- Corporate tax* on 49% foreign shareholding for a manufacturing company with a net profit of USD 275,000
- Transport and Logistics cost: by sea, import of ten 40' FCL (full container load) per month; by air, import of two shipments per month each weighing 300 kgs; and by road, movement of seven 40' FCL per month. The estimated logistics costs were arrived at by incorporating sea, air and road freight cost, customs clearance charges and terminal handling charges as applicable. Transport and Logistics cost assume a scenario wherein products manufactured at respective manufacturing parks are exported to Riyadh while products manufactured in Saudi Arabia are exported to Dubai

Based on the parameters taken to arrive at the estimated annual operating cost, BIIP emerges as the most competitive destination followed by SPFZ which is around 23% higher than BIIP. Compared to BIIP, the annual operating cost at other benchmarked manufacturing parks across Saudi Arabia and the UAE is around 35% to 50% higher (refer to Chapter 2.10).

Figure B: Annual Cost of Operating a Manufacturing Business
(USD million)



II. Key Cost Components

2.1 Business Registration and Licensing

Business Registration

A business registration cost is the estimated cost incurred in fees paid towards legally registering a free zone company in the respective manufacturing parks. With the exception of BIIP, Dammam 3rd Industrial City, Riyadh 3rd Industrial City and DIP, where an investor needs to register the business with the respective mainland government agency¹, the remaining manufacturing parks have the authority to register the business.

The minimum capital requirement represents the mandatory paid-up capital for starting the business. Some jurisdictions do not impose a minimum capital requirement, some have specific requirements, while others allow businesses to be setup with capital sufficient for the activities applied for. Despite minimum capital being nil in select jurisdictions, the businesses need to show working capital requirements. Some jurisdictions may have certain additional requirements for setting up a business. For example, MODON in Saudi Arabia requires that a business invests in adequate security systems such as CCTV cameras across the manufacturing facility. This shall constitute an additional cost (approximately USD40,000) for setting up the business that an investor needs to consider.

Figure 1: Business Registration Fee
Cost of Registering a Business (USD)

| Cost Type | BIIP | KAEC | Dammam 3 rd Industrial City | Riyadh 3 rd Industrial City | JAFZA | NIP | Dubai South | DIP | SAIF Zone | KIZAD | RAK FTZ | SPFZ |
|------------------------------------|------|-------|--|--|--|--|-------------|--|-----------|--------|---------|-------|
| Application Fee (one-time) | Nil | Nil | Nil | Nil | Nil | Nil | Nil | 60 | Nil | 1,360 | 68 | Nil |
| Registration Fee (one-time) | 133 | 6,650 | 319 | 319 | 4,080 | 4,080 | Nil | 1,009-1,360 | 2,720 | 2,142 | 272 | 4,030 |
| Minimum Capital Requirement | Nil | Nil | Nil | Nil | Capital sufficient for the business activity | Capital sufficient for the business activity | 81,600 | Capital sufficient for the business activity | 40,800 | 40,800 | 27,200 | Nil |

Source: Respective manufacturing park jurisdictions, government agencies, primary and secondary research, KPMG analysis

Licensing

Dammam 3rd Industrial City and Riyadh 3rd Industrial City, along with BIIP, have the most competitive license renewal cost. The license renewal cost of USD266 for BIIP is for up to three activities and the same cost is applicable per activity thereafter. Similar to business registration, the annual license renewal for businesses operating at BIIP, Dammam 3rd Industrial City, Riyadh 3rd Industrial City and DIP, needs to be done through the respective government agencies.

Other annual fees include general administrative charges. For businesses at Dammam 3rd Industrial City and Riyadh 3rd Industrial City, SAGIA levies a subscription fee of USD15,960 annually from second year onwards.

Figure 2: Licensing Fee
Cost of Annual License Renewal (USD)

| Cost Type | BIIP | KAEC | Dammam 3 rd Industrial City | Riyadh 3 rd Industrial City | JAFZA ² | NIP ² | Dubai South | DIP | SAIF Zone ³ | KIZAD | RAK FTZ | SPFZ |
|---------------------------------------|------|-------|--|--|--------------------|------------------|-------------|-------------|------------------------|-------|---------|-------|
| License Renewal Fee (USD/Year) | 266 | 1,330 | 532 | 532 | 1,496-2,448 | 1,496-2,448 | 2,720 | 1,523-2,067 | 2,040-4,080 | 1,428 | 2,720 | 1,001 |
| Other Fee (USD/Year) | Nil | Nil | 15,960 | 15,960 | Nil | Nil | 571 | 680 | Nil | Nil | 1,632 | Nil |

Source: Respective manufacturing park jurisdictions, government agencies, primary and secondary research, KPMG analysis

¹To setup business at BIIP the registration is made with the Ministry of Industry, Commerce and Tourism in Bahrain and for DIP with Department of Economic Development in Dubai. Saudi Arabian General Investment Authority (SAGIA) is authorized to register businesses in Dammam 3rd Industrial City and Riyadh 3rd Industrial City. Registration for businesses in NIP is done through JAFZA

² The annual license renewal fee varies based on the number of products the company manufactures

³ The annual license renewal fee varies based on the type of industrial activity

2.2 Land Rental and Construction

Land Rental

All manufacturing parks provide land plots for industrial use on a mid to long-term renewal lease. The significant variation in land rental within a jurisdiction can be attributed to the supply and demand characteristics in the country, the maturity level of the particular manufacturing park, as well as the location of the land plot within the manufacturing park.

For the total cost of leasing a plot of land (sum of land rental and service charge), BIIP is the most competitive, followed by KAEC. On the other hand, JAFZA is the most expensive for leasing a plot of land.

Figure 3: Land Rental
Cost of Leasing a Plot of Land (USD)

| Cost Type | BIIP | KAEC ⁴ | Dammam 3 rd Industrial City ⁴ | Riyadh 3 rd Industrial City ⁴ | JAFZA ⁴ | NIP ⁴ | Dubai South ⁴ | DIP ⁴ | SAIF Zone ⁴ | KIZAD ⁴ | RAK FTZ | SPFZ |
|--|------|-------------------------|---|---|--------------------------------------|--------------------------------------|-----------------------------|-------------------------|---------------------------|-------------------------|--------------|------|
| Land Rental (USD/Sqm/ Year) | 2.7 | 4.6- 5.6 | 0.8- 9.8 | 1.4- 9.8 | 10.9- 27.2 | 10.9- 27.2 | 10.9- 12.6 | 10.0 | 6.8- 16.3 | 7.6 | 4.9- 13.6 | 8.0 |
| Service Charge (USD) | Nil | 1.3 per sqm/ year | Nil | Nil | 2% of annual rent ⁵ | 2% of annual rent ⁵ | 0.7 per sqm/ year | 0.9 per sqm/ year | 2,371 USD | 0.9 per sqm/ year | Nil | Nil |

Source: Respective manufacturing park jurisdictions, primary and secondary research, KPMG analysis

Construction

Heavy duty factory can be categorized as one that utilizes large and heavy equipment and facilities, and complex processes, such as in the automotive and machinery manufacturing industries. A typical light duty factory is the one that produces light weight products, such as furniture, apparel and home appliances.

Based on the estimated construction cost for a factory, Bahrain, followed by Oman emerge as the most competitive destinations.

Figure 4: Factory Construction Cost
Cost of Constructing Light and Heavy Duty Factories⁶ (USD)

| Factory Type | BIIP | KAEC | Dammam 3 rd Industrial City | Riyadh 3 rd Industrial City | JAFZA | NIP | Dubai South | DIP | SAIF Zone | KIZAD | RAK FTZ | SPFZ |
|--|-------------|-------------|--|--|-------------|-------------|----------------|-------------|--------------|-------------|-------------|-------------|
| Light Duty Factory (USD/Sqm) | 545- 660 | 600- 715 | 600- 715 | 600- 715 | 560- 685 | 560- 685 | 560- 685 | 560- 685 | 560- 685 | 560- 685 | 560- 685 | 545- 670 |
| Heavy Duty Factory (USD/Sqm) | 585- 730 | 685- 850 | 685- 850 | 685- 850 | 655- 815 | 655- 815 | 655- 815 | 655- 815 | 655- 815 | 655- 815 | 655- 815 | 585- 740 |

Source: Survey of leading engineering consulting firms, KPMG analysis

⁴ Land Rental rate and service charge are inclusive of 5% VAT where applicable. Some jurisdictions in Saudi Arabia and the UAE apply VAT on both land rental and service charge while some only levy it on service charge alone. VAT is not applicable on land rental and service charge in BIIP

⁵ Service charge is levied as Public Health Levy and capped at USD2,720 per year. Additional 5% VAT is levied on service charge

⁶ Factory construction cost is exclusive of 5% VAT for Bahrain, Saudi Arabia and the UAE



Pre-built Industrial Unit Rental

Pre-built industrial facilities are available only at some of the benchmarked manufacturing parks. The pre-built (light) industrial units are available for lease either through private developers or directly from the respective jurisdiction.

Dammam 3rd Industrial City, followed by BIIP, offer pre-built industrial units at the most competitive rates across the benchmarked jurisdictions. Pre-built units are most expensive at JAFZA.

Figure 5: Pre-built Industrial Unit Rental
Cost of Leasing Pre-built Industrial Unit (USD)

| Cost Type | BIIP | KAEC ⁷ | Dammam 3 rd Industrial City | Riyadh 3 rd Industrial City | JAFZA ⁷ | NIP ⁷ | Dubai South | DIP ⁶ | SAIF Zone ⁷ | KIZAD | RAK FTZ | SPFZ |
|--|--------------------|---------------------------------------|--|--|--------------------------------------|--------------------------------------|------------------------------|------------------|---------------------------|------------------------------|------------------------------|------------|
| Pre-built Unit Rental (USD/Sqm/ Year) | 70 | 78 | 27 | Facility not available | 122- 150 | 122- 150 | Facility not available | 94- 109 | 93 | Facility not available | Facility not available | 86- 125 |
| Service Charge (USD) | 10 per sqm/year | 20% of annual rent ⁸ | Nil | Facility not available | 2% of annual rent ⁸ | 2% of annual rent ⁸ | Facility not available | Nil | 1,800 | Facility not available | Facility not available | Nil |

Source: Respective manufacturing park jurisdictions, primary and secondary research, KPMG analysis

Construction Permit

A construction permit is required to construct a factory on a leased plot of land. Figure 6 below highlights the cost of obtaining a construction permit across the benchmarked manufacturing parks.

Figure 6: Construction Permit Cost
Cost of obtaining Construction Permit (USD)

| Factory Type | BIIP | KAEC | Dammam 3 rd Industrial City | Riyadh 3 rd Industrial City | JAFZA | NIP | Dubai South | DIP | SAIF Zone | KIZAD | RAK FTZ | SPFZ |
|---|---------------------------------------|---|--|--|--|--|--|--|--|-------|--|-----------------|
| Construction Permit Fee (USD) | 0.9 per sqm of built-up area | 280 + 0.4 per sqm of built-up area | 1.6 per sqm of built-up area | 1.6 per sqm of built-up area | 0.9 per sqm of total built- up area | 0.9 per sqm of total built- up area | 0.3 per sqm of total built- up area | 0.9 per sqm of total built- up area | 2.7 per sqm of total built- up area | Nil | 1.6 per sqm of total built- up area | 1,300- 2,600 |

Source: Respective manufacturing park jurisdictions, primary and secondary research, KPMG analysis

⁷ Pre-built industrial unit rental and service charge is inclusive of 5% VAT. Some jurisdictions in Saudi Arabia and the UAE apply VAT on both land rental and service charge while some only levy it on service charge alone. VAT is not applicable on pre-built industrial unit rental and service charge in BIIP




⁸ Additional 5% VAT is levied on service charge






2.3 Infrastructure Levy

An infrastructure levy is incurred in order to obtain electricity, water and sewage connection for a factory. At some manufacturing parks, no additional cost is incurred as the plot of land comes ready with the infrastructure. The cost of providing this ready infrastructure, however, is generally covered through the higher land rental and the service charge paid for land rental. All manufacturing parks also come with the necessary road infrastructure. Figure 7 below indicates the tariff slab for obtaining the electricity, water and sewage connection at the benchmarked manufacturing parks, as levied by the relevant local service provider. In order to obtain electricity connection above a certain load capacity threshold, businesses may incur additional costs related to building the necessary network infrastructure.

Figure 7: Infrastructure Levy

| |  | |  | |  | |
|--|---|--|---|---|---|--|
| | Electricity Connection (Load Capacity in kVA) | Tariff (USD/kVA) | Water Connection (Connection Size in mm) | Tariff (USD) | Sewage Connection | Tariff (USD) |
| BIIP | 1 – 3,500 | 93 | 15 | 133 | Sewage connection | Nil |
| | 3,501 – 12,000 | 40 | 25 | 798 | | |
| | > 12,000 | Infrastructure cost to connect to network | 50 | 2,393 | | |
| KAEC | 1 – 30 | 16.8 | Standard | 8379 + 14 per m ³ | Sewage connection | 419 per km of land area |
| | 31 – 60 | 26.5 | | | | |
| | 61 – 90 | 41.9 | | | | |
| | 91 – 120 | 46.1 | | | | |
| | 121 – 152 | 48.9 | | | | |
| | > 152 | 7,429 + 69.8 per kVA | | | | |
| Dammam 3rd Industrial City and Riyadh 3rd Industrial City | 1 – 30 | 16.8 | Standard | 42 | 1 – 150 | 3,990 + 1.1 per m ² of land area |
| | 31 – 60 | 26.5 | | | 151 – 200 | 7,980 + 1.1 per m ² of land area |
| | 61 – 90 | 41.9 | | | 201 – 300 | 15,960 + 1.1 per m ² of land area |
| | 91 – 120 | 46.1 | | | | |
| | 121 – 152 | 48.9 | | | | |
| | > 152 | 7,429 + 69.8 per kVA | | | | |
| KIZAD | 1 – 100 | 14.3 | Standard | No standard rate. Cost is estimated based on site inspection and specific requirement of the business | Sewage connection | Nil |
| | 101 – 500 | 42.8 | | | | |
| | 501 – 1,000 | 57.1 | | | | |
| | 1,001 – 5,000 | 71.4 | | | | |
| | > 5,000 | 14.3 + infrastructure cost to connect to network | | | | |



| |  Electricity Connection (Load Capacity in kVA) | |  Water Connection (Connection Size in mm) | |  Sewage Connection | |
|---------------------------|--|-------|---|---|---|-------------------------------------|
| | Tariff (USD/kVA) | | Tariff (USD) | | Tariff (USD) | |
| JAFZA, NIP and DIP | 1 – 150 | Nil | Standard | No standard rate. Cost is estimated based on site inspection and specific requirement of the business | Sewage connection | 1.5 per m ² of land area |
| | 151 – 170 | 71.4 | | | | |
| | 171 – 400 | 82.8 | | | | |
| | 401 – 1,000 | 85.7 | | | | |
| | 1,001 – 2,000 | 88.5 | | | | |
| | 2,001 – 3,000 | 90.5 | | | | |
| | 3,001 – 4,000 | 137.4 | | | | |
| | 4,001 – 5,000 | 300.7 | | | | |
| | 5,001 – 6,000 | 532.1 | | | | |
| | 6,001 – 7,000 | 614.6 | | | | |
| | 7,001 – 8,000 | 697.4 | | | | |
| | 8,001 – 9,000 | 766.3 | | | | |
| | 9,001 – 10,000 | 864.2 | | | | |
| | 10,001 – 11,000 | 961.9 | | | | |
| | > 11,000 | 473.0 | | | | |
| Dubai South | All capacity | Nil | Standard | Nil | Sewage connection | Nil |
| SAIF Zone | All capacity | 229.0 | Standard | 4.2 per sqm of built-up area | Sewage connection | 5.7 per m ² of land area |
| RAK FTZ | < 4,000 | 171.4 | Standard | 2,284.8 | Sewage connection | 8,813 |
| | > 4,000 | 342.7 | | | | |
| SPFZ | All capacity | Nil | Standard | 42 per sqm of built-up area | Sewage connection | Nil |

Source: Respective electricity and water authorities, respective manufacturing park jurisdictions, primary and secondary research, KPMG analysis



2.4 Industrial Utilities

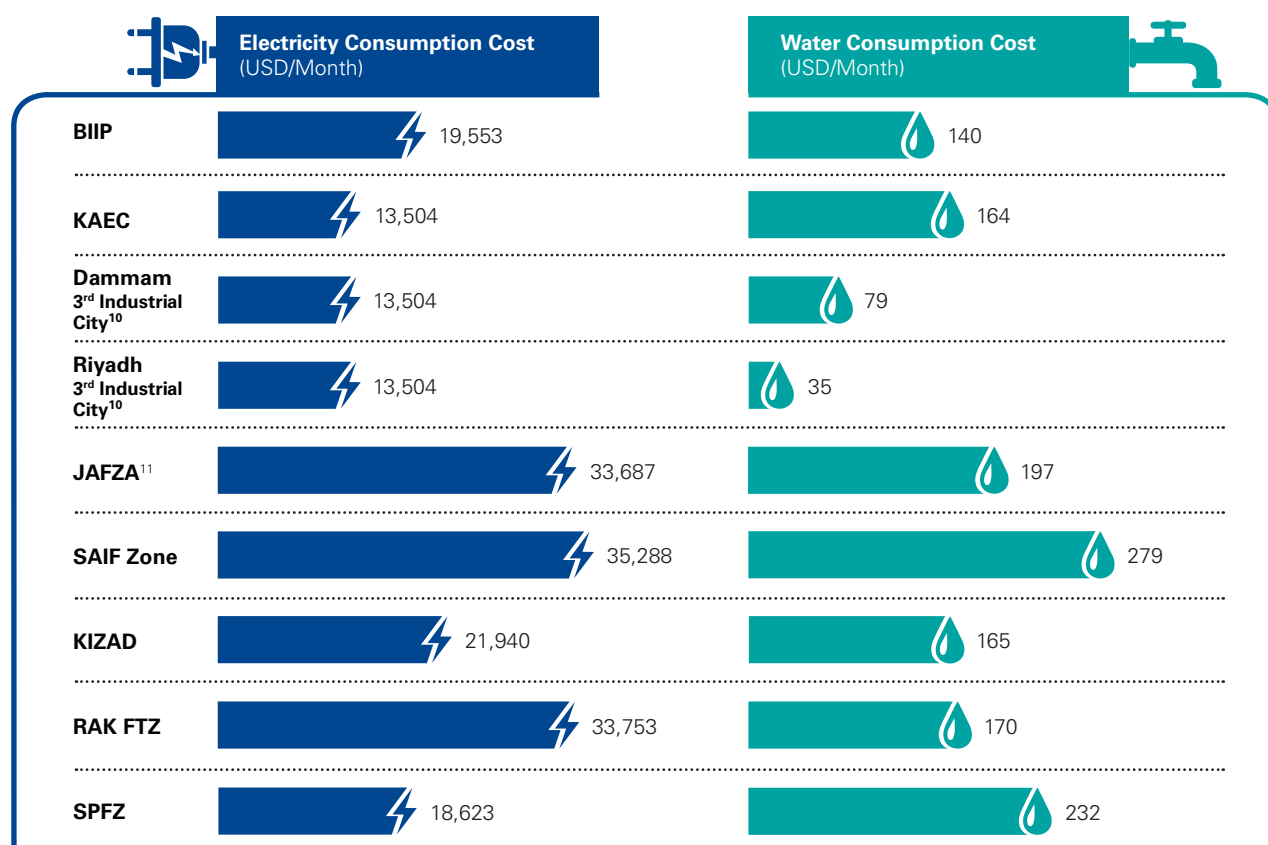
Electricity and Water Cost

Electricity and water are key utilities in the manufacturing sector. Electricity and water tariffs for industrial consumption can vary based on multiple factors, including total number of units consumed, as well as peak, off-peak and seasonal rates.

Based on average monthly consumption for a typical light industrial unit, the electricity cost incurred in Saudi Arabia is the lowest, followed by Oman and Bahrain. For water consumption, the Riyadh 3rd Industrial City emerges as the most competitive. At an overall level, SAIF Zone has the highest electricity and water tariff, followed by JAFZA and RAK FTZ. The estimated monthly electricity and water consumption cost at BIIP is around 45% lower than most manufacturing parks in the UAE.

Scenario: For a typical light industrial unit of 3,000 sqm built-up area consuming on average 85.27 kWh of electricity per sqm per month and 70 m³ water per month.

Figure 8: Estimated Monthly Electricity and Water Consumption Cost⁹



Source: Respective electricity and water authorities, respective manufacturing park jurisdictions, primary and secondary research, KPMG analysis

⁹ The electricity and water tariffs are inclusive of 5% VAT for Saudi Arabia and UAE. VAT is not applicable on electricity and water tariffs for Bahrain

¹⁰ Industrial water services are currently not available in Dammam 3rd Industrial City and Riyadh 3rd Industrial City. As such, corresponding tariffs for Dammam 2nd Industrial City and Riyadh 2nd Industrial City have been taken

¹¹ Electricity and water tariffs for manufacturing parks based in Dubai include surcharge as per DEWA (Dubai Electricity and Water Authority) as well as 5% VAT. Applies to JAFZA, NIP, Dubai South and DIP



Electricity and Water Tariff

The cost of utilities across the GCC has seen a steady rise in the last couple of years as governments look to reduce strain on fiscal budgets due to the low oil prices by gradually reducing subsidies on utilities.

Saudi Arabia offers the most competitive rates for industrial electricity, followed by Oman and Bahrain. Riyadh 3rd Industrial city offers the lowest rates for water. Businesses based in manufacturing parks across the UAE, face the highest industrial electricity and water tariffs.

Figure 9: Electricity and Water Tariff
Cost of Electricity and Water (USD)

| Utility | BIIP | KAEC | Dammam 3 rd Industrial City ¹³ | Riyadh 3 rd Industrial City ¹³ | JAFZA ¹⁴ | NIP | Dubai South | DIP | SAIF Zone | KIZAD | RAK FTZ | SPFZ |
|--|---------------|------|--|--|---------------------|---------------|----------------|---------------|---------------|-------|---------------|---------------|
| Electricity¹² (USD/kWh) | 0.04- 0.08 | 0.05 | 0.05 | 0.05 | 0.08- 0.13 | 0.08- 0.13 | 0.08- 0.13 | 0.08- 0.13 | 0.14 | 0.08 | 0.13 | 0.04- 0.07 |
| Water¹² (USD/m ³) | 1.99 | 2.24 | 1.07 | 0.47 | 2.57- 3.27 | 2.57- 3.27 | 2.57- 3.27 | 2.57- 3.27 | 3.52- 4.85 | 2.24 | 2.19- 2.89 | 3.31 |

Source: Respective electricity and water authorities, respective manufacturing park jurisdictions, primary and secondary research, KPMG analysis

Electricity and Water Tariff Structure

Figure 10 below shows the electricity and water consumption tariff slab across select locations in the GCC.

Figure 10: Electricity and Water Tariff Structure

| | Electricity Consumption (kWh) | Tariff (USD/kWh) | Water (m ³) | Tariff (USD/m ³) |
|----------------------------------|----------------------------------|---------------------|---|---------------------------------|
| Bahrain | 0 – 5,000 | 0.04 | Any quantity | 2.0 |
| | > 5,000 | 0.08 | | |
| Saudi Arabia¹² | Any consumption | 0.05 | Varies according to the industrial zone | |



¹² The electricity and water tariffs are inclusive of 5% VAT for Saudi Arabia and UAE. VAT is not applicable on electricity and water tariffs for Bahrain

¹³ Industrial water service is currently not available in Dammam 3rd Industrial City and Riyadh 3rd Industrial City. Hence, corresponding tariff for Dammam 2nd Industrial City and Riyadh 2nd Industrial City have been taken

¹⁴ Electricity and water tariffs for manufacturing parks based in Dubai include surcharge as per DEWA (Dubai Electricity and Water Authority) as well as 5% VAT. Applies to JAFZA, NIP, Dubai South and DIP



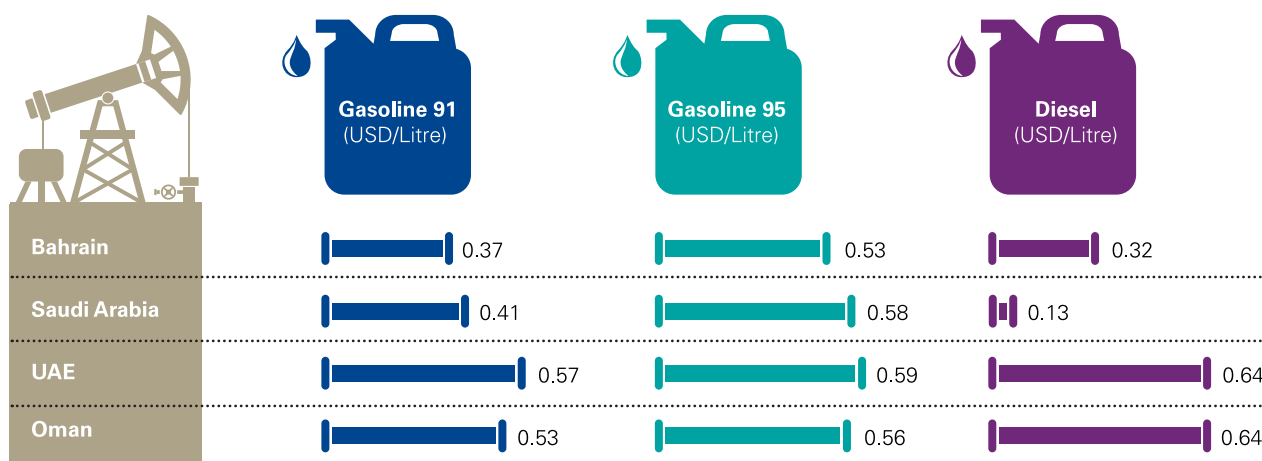
| | Electricity Consumption (kWh) | Tariff (USD/kWh) | Water (m ³) | Tariff (USD/m ³) |
|---------------------|----------------------------------|---------------------|--|---------------------------------|
| Dubai ¹⁵ | 0 – 10,000 | 0.08 | 0 – 45.46 (0 – 10,000 Imperial Gallon) | 2.57 |
| | >10,000 | 0.13 | 45.47 – 90.92 (10,001 – 20,000 Imperial Gallon) | 2.89 |
| | | | > 90.92 (> 20,000 Imperial Gallon) | 3.27 |
| Abu Dhabi | Any consumption | 0.08 | Any consumption | 2.24 |
| Oman ¹⁶ | 0 – 150,000 | 0.04 | Any consumption | 3.31 |
| | >150,000 | 0.07 | | |

Source: Respective electricity and water authorities

Gasoline and Diesel

Bahrain offers the most competitive cost for Gasoline 91 and Gasoline 95. The cost of diesel in Saudi Arabia is the lowest among the benchmarked countries. The cost of diesel in Bahrain is around 50% lower than in the UAE and Oman.

Figure 11: Gasoline and Diesel Prices¹⁷
Prices as of July 2019



Source: Secondary research, KPMG analysis

¹⁵ Electricity and water tariffs for manufacturing parks based in Dubai include surcharge as per DEWA (Dubai Electricity and Water Authority) as well as 5% VAT. Applies to JAFZA, NIP, Dubai South and DIP

¹⁶ The electricity tariff has been calculated as a weighted average of seasonal tariffs for the first slab for Oman

¹⁷ The gasoline and diesel prices are inclusive of 5% VAT for Saudi Arabia and the UAE. VAT is not applicable on gasoline and diesel prices for Bahrain



2.5 Office Rental

Office Rental at Manufacturing Parks

All manufacturing parks, except Dammam 3rd Industrial City and Riyadh 3rd Industrial City, offer standard office space for lease to businesses. The office space is available at specific office buildings located within the manufacturing parks.

Overall, the office space available within BIIP offers the most competitive rental rate followed by KAEC. Office rental in JAFZA on the other hand is the most expensive.

Figure 12: Office Rental¹⁸
Cost of Leasing Office Space at Benchmarked Manufacturing Parks (USD)

| Cost Type | BIIP | KAEC ¹⁹ | Dammam 3 rd Industrial City | Riyadh 3 rd Industrial City | JAFZA | NIP | Dubai South ¹⁹ | DIP ¹⁹ | SAIF Zone ¹⁹ | KIZAD | RAK FTZ | SPFZ |
|--|-----------------------|------------------------------|--|--|------------------------------|------------------------------|------------------------------|-----------------------------|----------------------------|-------|-----------------------------|------|
| Office Rental (USD/Sqm/ Year) | 112- 191 | 221 | Facility not available | Facility not available | 490-600 | 490-600 | 228-257 | 277 | 272 | 490 | 344 | 364 |
| Service Charge | 0%- 10% of rent | 56 per sqm/ year | N/A | N/A | Nil | Nil | 86 per sqm/ year | Nil | 942 | Nil | Nil | Nil |
| Municipal Tax | 10% of rent | Nil | N/A | N/A | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| Rent Deposit | Nil | 15% of first year rent | N/A | N/A | 10% of first year rent | 10% of first year rent | 10% of first year rent | 5% of first year rent | 952 | 1,428 | 5% of first year rent | Nil |

Source: Respective manufacturing park jurisdictions, primary and secondary research, KPMG analysis

Office Rental at Select Locations

Figure 13 shows the approximate office rental rates across select cities.

Figure 13: Office Rental¹⁹
Cost of Leasing Office Space at Select Locations (USD)

| Location | Manama, Bahrain | Manama, Bahrain | Seef, Bahrain | Al Khobar, KSA | Riyadh, KSA | Jeddah, KSA | Dubai, UAE | Dubai, UAE | Dubai, UAE | Dubai, UAE | Dubai, UAE | Muscat, Oman |
|--|--------------------------------|--------------------------|--------------------------|-----------------------------|-----------------------------|-----------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|-----------------|
| Cost Type | Bahrain Financial Harbor | World Trade Center | Seef | Al Khobar | Riyadh | Jeddah | Dubai Science Park | Dubai Internet City | Dubai Silicon Oasis | JLT | DIFC | Muscat |
| Office Rental (USD/Sqm/ Year) | 160- 255 | 191- 255 | 112- 191 | 186- 239 | 294- 345 | 243- 268 | 293- 366 | 363- 401 | 342- 426 | 194- 336 | 580- 659 | 156- 187 |
| Service Charge | 64 per sqm/ year | 128 per sqm/ year | 10% of annual rent | 10% of annual rent | 10% of annual rent | 10% of annual rent | 73 per sqm/ year | 88 per sqm/ year | 79-118 per sqm/ year | 58 per sqm/ year | 82 per sqm/ year | Nil |
| Municipal Tax | 10% of rent | 10% of rent | 10% of rent | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | 5% of rent |
| Rent Deposit | 3 months rent | 3 months rent | 3 months rent | 10% of rent | 10% of rent | 10% of rent | 5-10% of rent | 5-10% of rent | 5-10% of rent | 5-10% of rent | 5-10% of rent | 1 month rent |
| Agency Fee | Nil | Nil | 1 month rent | 5% of first year rent | 5% of first year rent | 5% of first year rent | 5-7.5% of first year rent | 5-7.5% of first year rent | 5-7.5% of first year rent | 5-7.5% of first year rent | 5-7.5% of first year rent | 1 month rent |

Source: Primary and secondary research, KPMG analysis

¹⁸ For a standard office space available at manufacturing parks. Typical office size starting from 20 sqm

¹⁹ Office rental and service charge are inclusive of 5% VAT wherever applicable. Some jurisdictions in Saudi Arabia and the UAE apply VAT on both office rental and service charge while some levy it on service charge alone. VAT is not applicable on office rental and service charge in Bahrain





Serviced Office Rental

The cost for serviced offices has been assessed considering the cost for renting an area suitable to accommodate three individuals. Rental rates for serviced offices vary significantly across the benchmarked cities. Bahrain is the most competitive serviced office market in the GCC costing on average around USD1,230 per month followed by Muscat where the average monthly rent for three individuals is around USD1,430. Serviced offices are most expensive in Riyadh averaging USD2,180 per month.

Figure 14: Serviced Office Rental^{20 21}
Cost of Leasing Serviced Office at Select Locations (USD)

| Cost Type | Manama, Bahrain | Dammam, Saudi Arabia ²¹ | Riyadh, Saudi Arabia ²¹ | Jeddah, Saudi Arabia ²¹ | Dubai, UAE ²¹ | Abu Dhabi, UAE ²¹ | Muscat, Oman |
|-----------------------------|--------------------|---------------------------------------|---------------------------------------|---------------------------------------|--------------------------|---------------------------------|-----------------|
| Rent (USD/ Month) | 838 – 1,627 | 1,533 – 2,330 | 1,232 – 3,127 | 880 – 2,715 | 738 – 2,982 | 627 – 3,025 | 819 – 2,036 |

Source: Regional serviced office leasing companies, KPMG analysis

Serviced offices are typically managed by professional serviced office management companies which lease office spaces to businesses or individuals. A serviced office is equipped with furniture, shared meeting rooms, shared receptionists and pantry, and provides access to internet, shared printer, scanner and photocopier. Charges for using meeting rooms, kitchen consumables, telephone and photocopier are often billed separately based on usage.

²⁰ Serviced office suitable to accommodate three individuals

²¹ Serviced office rental is inclusive of 5% VAT for Saudi Arabia and UAE. VAT is not applicable on serviced office rental for Bahrain



2.6 Manpower Cost

Manpower Salary

For a comparison of the manpower costs, employees across different categories have been considered, ranging from senior management to blue collared staff. When comparing the average salary earned by employees working in the manufacturing sector, Bahrain exhibits the lowest manpower cost for staff across a number of designations.

Figure 15 below provides estimated gross annual salaries including basic salary, housing allowance, transport allowance and other allowances. The allowances account for 25% to 40% of the total salary. In Bahrain, Tamkeen (Labor Fund) offers wage subsidy and wage increment support to eligible enterprises. For details refer Appendix 4.



Figure 15: Annual Manpower Cost
Annual Manpower Salary Cost (USD '000)

| Designation | Bahrain | Saudi Arabia | UAE | Oman |
|---------------------------------------|---------|--------------|---------|---------|
| CEO/GM | 103-133 | 155-201 | 140-182 | 100-130 |
| Personal Assistant/Secretary | 14-18 | 15-20 | 15-19 | 14-18 |
| Plant Manager | 68-89 | 99-129 | 92-120 | 64-83 |
| Assistant Plant Manager ²² | 36-46 | 60-79 | 56-73 | 39-51 |
| Supervisor | 15-19 | 21-28 | 21-28 | 15-19 |
| Design Engineer | 19-25 | 28-36 | 26-34 | 21-27 |
| Quality Engineer | 22-28 | 31-41 | 32-42 | 22-29 |
| Process Engineer | 32-42 | 47-61 | 49-63 | 34-44 |
| Mechanical Engineer | 22-29 | 31-41 | 24-31 | 25-32 |
| Maintenance Engineer | 18-24 | 26-34 | 24-31 | 19-24 |
| Test Engineer ²³ | 19-24 | 29-38 | 24-31 | 17-22 |
| Electrical Technician | 14-18 | 18-23 | 15-19 | 14-18 |
| Assembler / Fabricator ²⁴ | 13-18 | 20-26 | 16-21 | 14-18 |
| Welder | 11-14 | 16-20 | 13-17 | 11-14 |
| Procurement Specialist ²⁵ | 21-27 | 26-34 | 25-32 | 25-32 |
| Quality Controller | 14-18 | 20-26 | 16-21 | 14-19 |
| Machine Operator | 9-12 | 11-15 | 12-16 | 10-13 |
| Maintenance Supervisor | 16-20 | 23-29 | 26-34 | 18-24 |
| CNC Operator | 9-12 | 11-15 | 12-16 | 10-13 |
| Lab Specialist | 13-17 | 16-21 | 20-26 | 20-26 |
| Finance Manager | 53-69 | 77-100 | 74-96 | 70-92 |
| Accountant | 15-19 | 21-28 | 17-23 | 15-19 |
| Blue Collar Labor (Unskilled Labor) | 4-5 | 5-7 | 5-6 | 4-5 |

Source: Survey of leading manpower consulting firms, KPMG analysis

²² Benchmarked for Plant Operator

²³ Benchmarked for Site Engineer

²⁴ Benchmarked for Production Co-ordinator

²⁵ Benchmarked for Procurement Operator

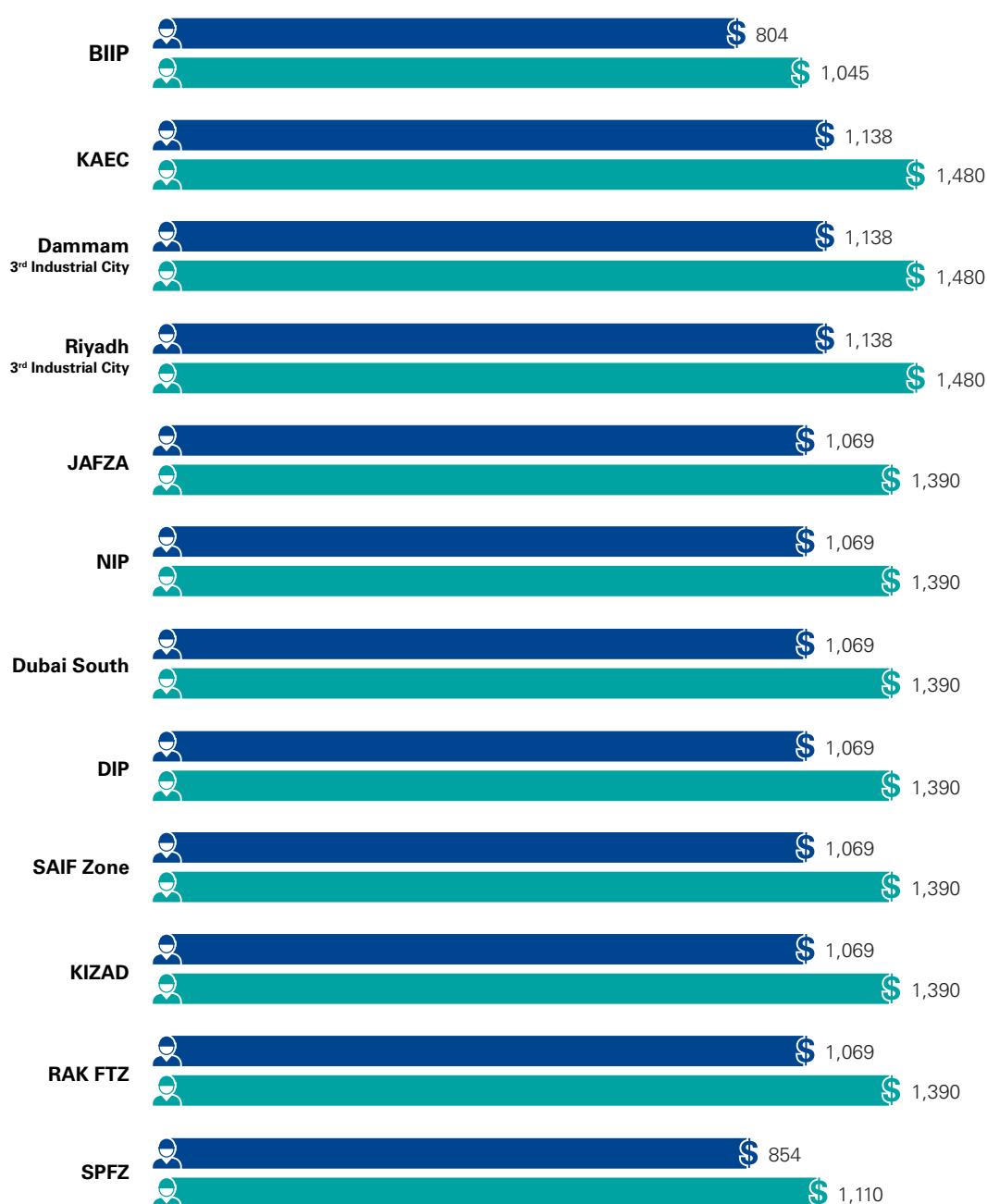


Estimates of annual manpower cost reveal Bahrain as the most competitive destination followed by Oman. Manpower cost in the UAE is on average 33% higher than in Bahrain. Cost of manpower is estimated to be the highest in Saudi Arabia.

Figure 16 below provides an estimated range of the annual manpower cost.

Scenario: For a manufacturing company employing 45 staff consisting of 21 management and administrative staff and 24 semi-skilled workers.

Figure 16: Total Annual Manpower Cost for a Manufacturing Company (USD '000)
Estimated Annual Manpower Cost



Source: Survey of leading manpower consulting firms, KPMG analysis



Minimum Cost



Maximum Cost



Labor Accommodation

Figure 17 below provides estimate of annual cost of accommodation per labor across the benchmarked manufacturing parks or in mainland city.

BIIP offers the most competitive rates for labor accommodation, costing around USD880 to USD1,040 per labor per year, followed by the SAIF Zone. DIP is the most expensive for labor accommodation, costing around USD2,900 to USD3,260 per labor per year.

For companies operating at the BIIP, labor accommodation is available at Bahrain Investment Wharf (BIW), located adjacent to BIIP. KAEC, JAFZA, NIP, Dubai South, DIP, SAIF Zone and RAK FTZ offer labor accommodation facilities within the manufacturing park. For manufacturing parks that do not offer labor accommodation, relevant city benchmark rates have been taken.

Figure 17: Annual Cost of Labor Accommodation²⁶

| Labor Accommodation (USD) | BIIP | KAEC | Dammam 3 rd Industrial City ²⁷ | Riyadh 3 rd Industrial City ²⁷ | JAFZA | NIP | Dubai South | DIP | SAIF Zone | KIZAD | RAK FTZ | SPFZ |
|--|-----------|-------|--|--|-------|-------|-------------|-------------|-----------|-------|---------|---------------|
| Is accommodation offered? | No | Yes | No | No | Yes | Yes | Yes | Yes | Yes | No | Yes | No |
| Is it mandatory to use zone accommodation? | N/A | No | N/A | N/A | Yes | Yes | No | No | Yes | N/A | No | N/A |
| Cost of accommodation (USD/Labor/Year) | 877-1,037 | 2,379 | 1,490 | 1,490 | 1,632 | 1,632 | 2,228 | 2,913-3,256 | 1,034 | 1,306 | 1,650 | 2,555 - 3,066 |

Source: Respective manufacturing park jurisdictions, primary and secondary research, KPMG analysis

²⁶ Includes cost of room rent and utilities only and excludes other costs such as food and laundry

²⁷ Estimated labor accommodation cost for Dammam 2nd Industrial City has been taken

2.7 Visa, Permits and Localization Requirements

Employment Visa

Visa-related cost is a significant factor in operating a business in the region. For businesses based at JAFZA, NIP, Dubai South, SAIF Zone, KIZAD and RAK FTZ all employment visa related requests have to be made through the dedicated 'One-Stop-Shop' service available in-house. The one-stop-shop acts as a single window for obtaining, among other services, all visa-related services through the respective government agencies. For businesses based at other manufacturing parks all visa-related procedures have to be carried out directly through the respective government agencies.

The cost of obtaining an employment visa is the highest in Saudi Arabia. In order to obtain an employment visa in Saudi Arabia an employer needs to pay an Expat Employment Levy in addition to the visa cost, however effective October 1st 2019 this levy has been suspended for five years for industrial businesses. Bahrain expat levy is USD320 per year per expatriate staff.

Figure 18: Annual Visa Costs
Cost of obtaining Employment Visa (USD)

| Cost Type | BIIP | KAEC | Dammam 3 rd Industrial City | Riyadh 3 rd Industrial City | JAFZA | NIP | Dubai South | DIP | SAIF Zone | KIZAD | RAK FTZ | SPFZ |
|---|-----------------|-----------------|--|--|------------|------------|----------------|------------|---|------------|------------|------------|
| Residency permit/ Work permit (USD/Year) ²⁸ | 585 | 998 | 998 | 998 | 236 | 236 | 234 | 102 | 291 | 279 | 340 | 441 |
| Work permit renewal (USD/Year) | 585 | 998 | 998 | 998 | 168 | 168 | 161 | 59 | 185 | 118 | 211 | 441 |
| National ID (USD/Year) | 5 | 173 | 173 | 173 | 46 | 46 | 46 | 46 | 46 | 46 | 46 | 8 |
| National ID renewal (USD/Year) | 5 | 173 | 173 | 173 | 46 | 46 | 46 | 46 | 46 | 46 | 46 | 8 |
| Health Check (USD) | 53 | 53 - 80 | 53 - 80 | 53 - 80 | 87 | 87 | 87 | 87 | 82 | 68 | 82 | 78 |
| Medical Insurance (USD/Year) ²⁹ | 191 | 1,064 | 1,064 | 1,064 | 177 | 177 | 177 | 177 | 150 | 163 | 163 | 910 |
| Work permit validity – renewal term | 1 to 2 Years | 1 to 2 Years | 1 to 2 Years | 1 to 2 Years | 3 Years | 3 Years | 3 Years | 3 Years | 2 Years | 3 Years | 2 Years | 2 Years |
| Estimated Annualized Visa, ID and Health Insurance cost (USD/Year/Staff) | 782 | 2,235 | 2,235 | 2,235 | 459 | 459 | 457 | 325 | 487 | 488 | 549 | 1,360 |
| Deposit for immigration (USD/Employee) | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | 1 month salary and one way air ticket fare | Nil | 544 | Nil |

Source: Respective government agencies, manufacturing park jurisdictions, primary and secondary research, KPMG analysis

²⁸ Residence permit and work permit figures are annual and are calculated by dividing the total visa fee by the duration of visa in years. For Bahrain the figures are inclusive of the expat levy. For Bahrain, this fee is applicable in case the business has six employees or more

²⁹ Cost of annual medical insurance to access government hospitals and health centres. In Oman and Saudi Arabia, government hospitals cannot be accessed by expatriates. Hence, cost of private health insurance has been taken



Dependent Visa

The cost of obtaining visas for dependents (spouse and child) is the highest in Saudi Arabia. In order to obtain a dependent visa in Saudi Arabia one needs to pay an Expat Dependent Levy in addition to the visa cost.

For the year 2019, one has to pay a levy of USD960 per year for each dependent visa. This levy is slated to increase progressively to USD1,280 per year in the year 2020. This amount is required to be paid at the time of the visa application for the duration of the validity of the dependent visa. This levy is in addition to the visa cost itself.

Figure 19: Annual Dependent Visa Costs

Cost of obtaining Dependent Visa (USD)

| Cost Type | BIIP | KAEC | Dammam 3 rd Industrial City | Riyadh 3 rd Industrial City | JAFZA | NIP | Dubai South | DIP | SAIF Zone | KIZAD | RAK FTZ | SPFZ |
|---|------|-------|--|--|-------|-----|----------------|-----|--------------|--------|------------|------|
| Dependent (spouse) visa cost | 239 | 1,490 | 1,490 | 1,490 | 95 | 95 | 95 | 95 | 116 | 113 | 173 | 53 |
| Dependents (child) visa cost | 239 | 1,490 | 1,490 | 1,490 | 95 | 95 | 95 | 95 | 116 | 89 | 173 | 53 |
| Dependents visa renewal cost | 239 | 1,490 | 1,490 | 1,490 | 51 | 51 | 51 | 51 | 61 | 89-113 | 93 | 53 |
| Estimated Annualized Visa, ID and Health Insurance cost (USD/Year/Dependent) | 436 | 2,726 | 2,726 | 2,726 | 318 | 318 | 318 | 318 | 311 | 323 | 382 | 972 |

Source: Respective government agencies, manufacturing park jurisdictions, primary and secondary research, KPMG analysis

Visit Visa

Cost of a visit visa for Bahrain is the lowest across the single and multiple entry categories. Cost of a visit visa for Saudi Arabia on the other hand is exponentially higher.

Figure 20: Cost of Entry Visa

Cost of obtaining Entry Visa (USD)

| Visa Type | Bahrain | Saudi Arabia | UAE | Oman |
|---------------------|---------|-------------------------|-----|------|
| Single Entry Visa | 24 | 170 ³⁰ - 532 | 68 | 52 |
| Multiple Entry Visa | 77 | 798 | 177 | 130 |

Source: Respective government agencies, primary and secondary research, KPMG analysis

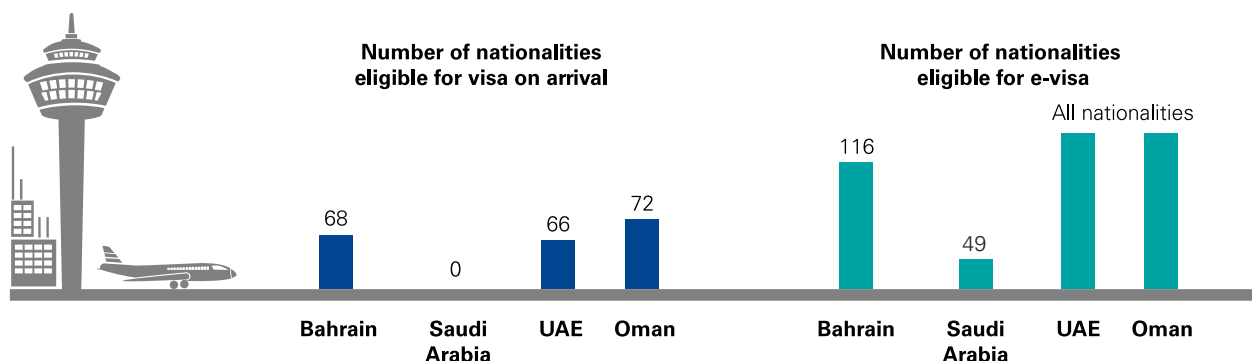
For Bahrain, the single entry visit visa cost consists of an application fee (USD11) and visa fee (USD13). Note that the application fee is applicable for e-visa only.

³⁰ Cost for single entry visa for 49 nationalities eligible for e-visa. Cost is USD532 for nationals of other countries eligible for single entry visa



Visa on Arrival and e-Visa

Saudi Arabia does not offer visa on arrival to nationals of non-GCC countries – business, religious and family visas, however, are offered on specific needs basis. The country has started offering single entry e-visa to 49 nationalities (developed countries). For a complete list of nationalities offered visa on arrival and e-visa refer Appendix 1.



Localization Requirement

| | |
|---|---|
| BIIP | <ul style="list-style-type: none"> Businesses based at BIIP are exempted from localization requirement for the first 5 years. Thereafter they are subjected to the localization requirement as prescribed by the Labor Market Regulatory Authority (LMRA). As per the LMRA requirement a manufacturing business employing more than 10 workers must employ 25% to 30% (requirement varies based on manufacturing activity) Bahrainis in its workforce. However, a business employing up to 9 workers does not require to employ Bahrainis in its workforce. |
| KAEC, Dammam 3 rd Industrial City and Riyadh 3 rd Industrial City | <ul style="list-style-type: none"> Businesses in Saudi Arabia are categorized based on their size (number of employees) and bands of Saudization level. Based on the band in which a business falls based on its Saudization level, the business is subjected to corresponding penalties or offered certain incentives as applicable (refer Figure 24, 25 and 26 for details). |
| JAFZA, SAIF Zone, KIZAD, RAK FTZ | <ul style="list-style-type: none"> Businesses based in designated free zones in the UAE are exempted from localization requirements. |
| NIP and DIP | <p>Manufacturing businesses based in mainland UAE are subjected to the following localization requirement:</p> <ul style="list-style-type: none"> A company with a minimum 100 employees, must appoint an Emirati as a Public Relations officer A company employing 500 or more employees, in addition to the above, must employ a UAE national in the position of Occupational Health and Safety Officer A company employing 1,000 or more employees, in addition to the above, must employ two UAE nationals in data entry positions |
| SPFZ | <p>Businesses based at SPFZ are subjected to the following:</p> <ul style="list-style-type: none"> 15% for years 1 to 10; 25% for years 11 to 15; 35% for years 16 to 20; and 50% for year 21 and onwards |

Source: Respective government agencies, manufacturing park jurisdictions, primary and secondary research, KPMG analysis



Over the last few years regional governments have brought in measures to boost the share of local population (nationals) in the private sector workforce. Businesses operating in the region are therefore subjected to localization requirements whereby nationals need to comprise a specified percentage of the total workforce of the company.

Businesses in the private sector that meet the prescribed localization requirement may receive incentives while those that fail to meet the requirement face a number of penalties. However, businesses based at some manufacturing parks are exempted from localization requirements.

Figure 21: Localization Requirement

| BIIP ³¹ | KAEC | Dammam 3 rd Industrial City | Riyadh 3 rd Industrial City | JAFZA ³³ | NIP | Dubai South ³³ | DIP | SAIF Zone ³³ | KIZAD ³³ | RAK FTZ ³³ | SPFZ ³² |
|--|------------------------------|--|--|---------------------|-------------------------|------------------------------|-------------------------|----------------------------|---------------------|--------------------------|--------------------|
| Nil for the first 5 years; thereafter as per local requirement (0% to 30%) | Refer Figure 24 and 25 | Refer Figure 24 and 25 | Refer Figure 24 and 25 | Nil | Yes (refer below) | Nil | Yes (refer below) | Nil | Nil | Nil | 15% to 50% |

Source: Respective government agencies, manufacturing park jurisdictions, primary and secondary research, KPMG analysis

Localization Requirement at NIP and DIP (as per Dubai mainland requirement)

- A company with a minimum 100 employees, must appoint an Emirati as a Public Relations officer
- A company employing 500 or more employees, in addition to the above, must employ a UAE national in the position of Occupational Health and Safety Officer
- A company employing 1,000 or more employees, in addition to the above, must employ two UAE nationals in data entry positions

Figure 22: Incentives for meeting Localization Requirement

| BIIP | KAEC | Dammam 3 rd Industrial City | Riyadh 3 rd Industrial City | JAFZA | NIP | Dubai South | DIP | SAIF Zone | KIZAD | RAK FTZ | SPFZ |
|------|--------------------|--|--|-------|--|----------------|--|--------------|-------|------------|---|
| Nil | Refer Figure 26 | Refer Figure 26 | Refer Figure 26 | Nil | <ul style="list-style-type: none"> • Lower visa fee • No deposit required for employment visa • Ease in obtaining visas | Nil | <ul style="list-style-type: none"> • Lower visa fee • No deposit required for employment visa • Ease in obtaining visas | Nil | Nil | Nil | Corporate tax exemption for upto 25 years |

Source: Respective government agencies, manufacturing park jurisdictions, primary and secondary research, KPMG analysis

Figure 23: Penalties for not meeting Localization Requirement

| BIIP | KAEC | Dammam 3 rd Industrial City | Riyadh 3 rd Industrial City | JAFZA | NIP | Dubai South | DIP | SAIF Zone | KIZAD | RAK FTZ | SPFZ |
|---|---------------------|--|--|-------|--|----------------|--|--------------|-------|------------|---|
| Higher visa cost for additional foreign staff | Refer Appendix 2 | Refer Appendix 2 | Refer Appendix 2 | Nil | Not eligible for additional work permits | Nil | Not eligible for additional work permits | Nil | Nil | Nil | <ul style="list-style-type: none"> • Subject to corporate tax • Not eligible for additional visas until Omanization criteria is met |

Source: Respective government agencies, manufacturing park jurisdictions, primary and secondary research, KPMG analysis

³¹ Labor Market Regulatory Authority (LMRA) has prescribed 0% localization for businesses employing up to 9 workers and 25% to 30% for businesses employing more than 10 workers

³² 15% for first 10 years; 25% for following 5 years, 35% for following 5 years and 50% thereafter

³³ Businesses based in designated free zones in the UAE are exempted from localization requirements



Saudization Levels, Incentives and Penalties by Band for Manufacturing Sector

Figure 24: Saudization Requirement for Small and Medium-sized Enterprises (SMEs)³⁴

| Size | No. of Employees | Red Band | Yellow Band | Low Green Band | Medium Green Band | High Green Band | Platinum Band |
|-----------------|------------------|----------|-------------|----------------|-------------------|-----------------|---------------|
| Small B | 6 to 49 | 0% to 5% | 6% to 8% | 9% to 14% | 15% to 20% | 21% to 26% | 27% to 100% |
| Medium A | 50 to 99 | 0% to 6% | 7% to 15% | 16% to 20% | 21% to 25% | 26% to 30% | 31% to 100% |
| Medium B | 100 to 199 | 0% to 6% | 7% to 15% | 16% to 20% | 21% to 25% | 26% to 30% | 31% to 100% |
| Medium C | 200 to 499 | 0% to 6% | 7% to 15% | 16% to 20% | 21% to 25% | 26% to 30% | 31% to 100% |

Source: Secondary research, KPMG analysis

Figure 25: Saudization Requirement for Large Companies³⁴

| Size | No. of Employees | Red Band | Yellow Band | Low Green Band | Medium Green Band | High Green Band | Platinum Band |
|--------------|------------------|----------|-------------|----------------|-------------------|-----------------|---------------|
| Big | 500 to 2,999 | 0% to 8% | 9% to 20% | 21% to 25% | 26% to 30% | 31% to 36% | 37% to 100% |
| Giant | 3,000 and above | 0% to 8% | 9% to 20% | 21% to 25% | 26% to 30% | 31% to 36% | 37% to 100% |

Source: Secondary research, KPMG analysis

Figure 26: Incentives by Band in Saudi Arabia

| Red Band | Low Green Band, Medium Green Band and High Green Band | Platinum Band |
|----------|---|---|
| None | <ul style="list-style-type: none"> Can renew existing work visas Can apply for new work visas every two months Entitled to one new visa for every two foreign workers leaving the country on a final exit visa Entitled to 'open profession visas' Can hire foreign workers from Red firms without the consent of their current employers Entitled to a six-month grace period for the submission of the Certificate of Zakat and Income Tax Entitled to a six-month grace period in the renewal of their expired professional license, commercial registration, and all Ministry of Labor and Social Development (MLSD) documents | <ul style="list-style-type: none"> Entitled to unrestricted approval of new visas Entitled to one new visa for every two foreign employees Able to renew existing visas for any employee within three months of their expiration Entitled to open profession visas Can hire foreign workers from Red firms without the consent of their current employers Entitled to a six-month grace period for the submission of the Certificate of Zakat and Income Tax Entitled to a one year grace period in the renewal of their expired professional license, commercial registration, and all MLSD documents |

Source: Secondary research, KPMG analysis

Please refer Appendix 2 for the detailed "Incentives and Penalties by Band in Saudi Arabia"

³⁴ The percentage of Saudization requirement varies based on the size of the organization as defined by the total number of employees



2.8 Taxes, Fees and Incentives

Taxes and Fees across Manufacturing Parks

Figure 27 below highlights some select taxes and fees applicable at the benchmarked manufacturing parks. Overall, BIIP offers the most attractive taxes and fees regime. If and when corporate tax is levied in Bahrain, BIIP guarantees corporate tax exemption for the first 10 years and duty exemption for imports and exports. Corporate tax for businesses based at SPFZ is nil for the first 25 years provided the prescribed Omanization level³⁵ is met. If however the Omanization level is not met, businesses are subjected to 15% corporate tax. Also, corporate tax shall be payable after 25 years of (conditional) exemption irrespective of the Omanization level of the business. In Bahrain, goods arriving at customs and delivered to a business based in BIIP shall incur VAT which can later be reclaimed from the tax authorities. Also across the GCC sale of goods between businesses based in VAT-exempted zones shall not be subject to VAT.

Some manufacturing parks levy entry pass fee which is required to be paid for each goods vehicle used by the business. Additionally JAFZA levies USD2 per truck per entry into the zone on vehicles destined for the business (example – receipt of raw material from a supplier).

Figure 27: Taxes and Fees across Manufacturing Parks

Select Taxes and Fees across Manufacturing Parks

| Taxes and Fee Type | BIIP | KAEC | Dammam 3 rd Industrial City | Riyadh 3 rd Industrial City | JAFZA | NIP | Dubai South | DIP | SAIF Zone | KIZAD | RAK FTZ | SPFZ |
|---|------|---|--|--|-------|--------------------------|----------------|--------------------------|--------------|--------------------------|--------------------------|-----------------------------------|
| Corporate Tax | Nil | No tax on companies owned by GCC nationals. 20% tax on profits under foreign shareholding | | | | Nil | Nil | Nil | Nil | Nil | Nil | 0% or 15% (subject to conditions) |
| VAT | 5% | 5% | 5% | 5% | Nil | 5% | Nil | 5% | Nil | Nil | Nil | Nil |
| Manufacturing Park entry pass fee (USD/Vehicle/Year) | Nil | Nil | Nil | Nil | 43 | 43 | 98 | Nil | 109-150 | 27 | 218-272 | Nil |
| Raw material and plant machinery duty exemption certificate fees (USD) | Nil | 13.3 | 13.3 | 13.3 | 13.6 | 13.6 | 13.6 | 13.6 | 13.6 | 13.6 | 13.6 | Nil |
| Deposit for moving goods between free zones/ custom bonded areas | Nil | Equivalent to the duty applicable on the product | | | | 5% of the value of goods | Nil | 5% of the value of goods | N/A | 5% of the value of goods | 5% of the value of goods | 5% of the value of goods |
| Customs duty on products sold within the GCC | 0% | 5% | 5% | 5% | 5% | 5% | 5% | 5% | 5% | 5% | 5% | 5% |
| Customs duty on products sold outside the GCC | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 5% | 0% | 0% | 0% | 0% |

Source: Respective government agencies, manufacturing park jurisdictions, primary and secondary research, KPMG analysis

³⁵ Prescribed Omanization level is: 15% for first 10 years, 25% for following five years, 35% for following five years and 50% for following five years and thereafter

Note: As businesses based at DIP fall under the mainland UAE jurisdiction, manufacturers looking to export their products beyond the Greater Arab Free Trade Area (GAFTA) incur a 5% customs duty on the value of goods produced



Taxes across Benchmarked GCC Countries

Figure 28 below provides an overview of taxes levied on businesses operating in the mainland in Bahrain, Saudi Arabia, the UAE and Oman. Overall Bahrain and the UAE offer the most attractive tax regime with no corporate tax. Oman has a corporate tax rate of 15% for all businesses other than Omani establishments and limited liability companies (LLCs) with a registered capital not exceeding USD133,000, gross income not exceeding USD266,000 and average number of employees not exceeding 15 in a tax year; in which case a corporate tax of 3% is applicable. Oman has suspended withholding tax on dividends and interest for a period of three years starting May 2019.

In Saudi Arabia, Zakat is levied on companies that are wholly owned by Saudi or GCC nationals. Where a business is owned by both Saudi and non-Saudi nationals, Zakat is levied on the Saudi and GCC national's share and the non-Saudi share is subjected to income tax. Zakat is levied at a fixed rate of 2.5% on the higher of the adjusted taxable profits or the Zakat base.

Figure 28: Taxes across Benchmarked GCC Countries (Mainland)
Key Tax Rates

| Tax Type | Bahrain | Saudi Arabia | UAE | Oman |
|--|--|--|---|---|
| Corporate Income Tax | Nil | No tax on companies owned by GCC nationals. 20% tax on profits under foreign shareholding. | Nil | 15% |
| Municipal Tax | 10% of commercial and residential rent for expatriates | Nil | 5% of the specified rental index | 3% on property rents |
| Withholding Tax | Nil | 5%, 15% or 20% on the foreign shareholding component | Nil | Nil |
| VAT | 5% | 5% | 5% | Nil |
| Other Taxes and Fees | Nil | Zakat is charged on companies owned by GCC nationals. 2.5% Zakat is charged on a company's Zakat base which is the net worth of the entity as calculated for Zakat purposes. | <ul style="list-style-type: none"> Knowledge Fee: USD 2.72 Innovation Fee: USD 2.72 per per government transaction above 13.6 USD | Nil |
| Social Security Contribution for National staff | By employee: 7% By employer: 12% Total: 19% | By employee: 10% By employer: 12% Total: 22% | By employee: 5% By employer: 12.5% Total: 17.5% | By employee: 7% By employer: 11.5% Total: 18.5% |
| Social Security Contribution for Expatriate staff | By employee: 1% By employer: 3% Total: 4% | By employee: 0% By employer: 2% Total: 2% | Nil | Nil |

Source: Respective government agencies, primary and secondary research, KPMG analysis



List of Incentives at Manufacturing Parks

Figure 29 below provides an overview of the key incentives offered by the benchmarked manufacturing parks.

Figure 29: List of Key Incentives

List of Key Incentives

| Incentive Type | BIIP ³⁶ | KAEC | Dammam 3 rd Industrial City | Riyadh 3 rd Industrial City | JAFZA | NIP ³⁷ | Dubai South | DIP ³⁷ | SAIF Zone | KIZAD | RAK FTZ | SPFZ ³⁸ |
|--|--------------------|------|--|--|-------|-------------------|----------------|-------------------|--------------|-------|------------|--------------------|
| Exemption from Corporate Tax | ✓ | ✗ | ✗ | ✗ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| 100% Foreign Ownership | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| 100% Repatriation of Capital/ Profits | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Duty Free Imports of Raw Materials and Equipment | ✓ | ✗ | ✓ | ✓ | ✓ | ✗ | ✓ | ✗ | ✓ | ✓ | ✓ | ✓ |
| Duty Free access to GCC Markets | ✓ | ✗ | ✗ | ✗ | ✗ | ✗ | ✗ | ✗ | ✗ | ✗ | ✗ | ✗ |

Source: Respective government agencies, manufacturing park jurisdictions, primary and secondary research, KPMG analysis



³⁶ If and when corporate tax is levied in Bahrain, BIIP guarantees corporate tax exemption for the first 10 years

³⁷ For mainland UAE 100% foreign ownership is allowed for select manufacturing activities

³⁸ SPFZ offers corporate tax exemption for the first 25 years provided the prescribed Omanization level is met



2.9 Transport and Logistics

Road Transport


Road Freight: Figure 30 shows the approximate road freight charges for transporting 40 foot (40') container (full container load of dry items) from respective manufacturing jurisdictions to Dammam, Riyadh and Jeddah in Saudi Arabia. The road freight cost includes the estimated road transport, customs clearance, documentation and other related charges per 40 foot container. The cost of road freight by curtain-side trailer is approximately 5% to 20% higher.

The road freight cost from SPFZ to respective cities in Saudi Arabia is significantly higher, among other reasons, due to transit through UAE leading to additional customs related costs

Figure 30: Road Freight Charges³⁹

Cost of Door-to-Door Road Freight (USD per 40' Container)

| To / From | BIIP | KAEC | Dammam 3 rd Industrial City | Riyadh 3 rd Industrial City | JAFZA | NIP | Dubai South | DIP | SAIF Zone | KIZAD | RAK FTZ | SPFZ |
|-----------|-------------|---------|--|--|-------------|-------------|----------------|-------------|--------------|-------------|-------------|-------------|
| Dammam | 577-630 | 684-698 | 140-209 | 327-335 | 1,100-1,394 | 1,100-1,394 | 1,100-1,394 | 1,100-1,394 | 1,028-1,314 | 1,054-1,208 | 1,141-1,459 | 1,911-2,132 |
| Riyadh | 777-923 | 503-531 | 327-335 | 196-209 | 1,128-1,422 | 1,128-1,422 | 1,128-1,422 | 1,128-1,422 | 1,028-1,348 | 1,100-1,210 | 1,141-1,496 | 1,963-2,171 |
| Jeddah | 1,056-1,215 | 223-251 | 642-698 | 503-506 | 1,385-1,679 | 1,385-1,679 | 1,385-1,679 | 1,385-1,679 | 1,314-1,608 | 1,384-1,514 | 1,459-1,785 | 2,301-2,600 |




Source: Survey of regional/international road transport companies, KPMG analysis

Figure 31 shows the approximate road freight charges for transporting 40 foot container (full container load of dry items) in a curtain-side trailer from respective manufacturing jurisdictions to Dammam, Riyadh and Jeddah in Saudi Arabia.

Figure 31: Road Freight Charges³⁹

Cost of Door-to-Door Road Freight for Curtain-Side Trailer (USD per 40' Container)

| To / From | BIIP | KAEC | Dammam 3 rd Industrial City | Riyadh 3 rd Industrial City | JAFZA | NIP | Dubai South | DIP | SAIF Zone | KIZAD | RAK FTZ | SPFZ |
|-----------|-------------|---------|--|--|-------------|-------------|----------------|-------------|--------------|-------------|-------------|-------------|
| Dammam | 630-657 | 698-810 | 209-223 | 335-391 | 1,399-1,520 | 1,399-1,520 | 1,399-1,520 | 1,399-1,520 | 1,171-1,437 | 1,171-1,354 | 1,358-1,667 | 2,184-2,532 |
| Riyadh | 910-950 | 517-531 | 335-391 | 209-223 | 1,428-1,548 | 1,428-1,548 | 1,428-1,548 | 1,428-1,548 | 1,171-1,494 | 1,350-1,537 | 1,358-1,733 | 2,301-2,581 |
| Jeddah | 1,215-1,242 | 223-307 | 642-810 | 503-559 | 1,682-1,794 | 1,682-1,794 | 1,682-1,794 | 1,682-1,794 | 1,457-1,805 | 1,628-1,754 | 1,690-2,094 | 2,613-3,117 |



Source: Survey of regional/international road transport companies, KPMG analysis

³⁹ The door-to-door charges include road transport charges, customs clearance cost, border charges, transit clearance and other related cost



Customs Fees: While the customs fees vary across the region at an aggregate level, Bahrain offers the most competitive rates, with UAE and Oman marginally behind. Saudi Arabia has the highest overall customs-related fees.

Figure 32: Customs Fees
Customs Declaration Charges (USD Per Container)

| | Bahrain | Saudi Arabia | UAE | Oman |
|--|---------|--------------|-----|------|
| Import Declaration | 85 | 135 | 100 | 110 |
| Export Declaration | 85 | 135 | 100 | 110 |
| Re-export Declaration | 85 | 120 | 110 | 110 |
| Temporary Import and Export Declaration | 85 | 135 | 100 | 110 |
| Certificate of Origin | 135 | 145 | 175 | 165 |
| Transit Declaration | 80 | 135 | 125 | 125 |

Source: Survey of regional/international road transport companies, KPMG analysis



Sea Transport

Seaport Container Storage Charges: Container storage charge is the cost associated with storing containers at container terminals in respective seaports. The tariff structure for container storage at the ports includes a 'free time allowance' during which no charge is levied. Following the expiry of the free time allowance, storage charges are levied on a per container per day basis, with a progressive increase in tariff as per the applicable slab. Typically, importers limit storage at ports to the free time period to avoid the tariff.

The Port Khalid in Sharjah offers the highest free time of 20 days for storage of import containers at the port, with Jebel Ali Port in Dubai and Khalifa Port in Abu Dhabi being the next most attractive, offering 10 days of free time. Saqr Port in Ras Al Khaimah, King Abdullah Port in Jeddah and King Abdulaziz Port in Dammam offer the least free time of only five days.

The Sohar Port in Oman offers the most competitive port storage charges followed by Sharjah's Port Khalid. Port storage charges are the highest for ports in Saudi Arabia where the charges are levied per ton and have been assumed for 20-foot and 40-foot containers weighing 15 tons.

Figure 33 below provides an overview of the storage charges for container imports applicable to the relevant sea ports.

Figure 33: Port Storage Charges
Port Storage Charges for Container Imports (USD)

| Location | Bahrain | Jeddah, Saudi Arabia | Dammam, Saudi Arabia | Dubai, UAE | Sharjah, UAE | Ras Al Khaimah, UAE | Abu Dhabi, UAE | Sohar, Oman |
|---|----------------------------|----------------------------|----------------------------|------------------------|----------------------------|-----------------------------|-----------------------------|-----------------------|
| Seaport | Khalifa bin Salman Port | King Abdullah Port | King Abdulaziz Port | Jebel Ali Port | Port Khalid | Saqr Port | Khalifa Port | Sohar Port |
| Free Time (Days) | 9 days | 5 days | 5 days | 10 days | 20 days | 5 days | 10 days | 7 days |
| 20-foot Container (USD/ Container/Day) | 4.4 (Day 10 to 21) | 79.8 (Day 6 onwards) | 79.8 (Day 6 onwards) | 22.3 (Day 11 to 15) | 8.2 (Day 21 onwards) | 2.0 (Day 6 to 10) | 22.3 (Day 11 to 15) | 3.3 (Day 8 to 14) |
| | 5.8 (Day 22 to 31) | | | | | 3.1 (Day 11 to 20) | 41.6 (Day 16 onwards) | 4.6 (Day 15 to 21) |
| | 8.8 (Day 32 to 41) | | | 4.1 (Day 21 to 30) | | 6.5 (Day 22 onwards) | | |
| | 14.6 (Day 42 onwards) | | | 8.2 (Day 31 to 45) | | | | |
| | | 12.2 (Day 46 to 60) | | | | | | |
| Free Time (Days) | 9 days | 5 days | 5 days | 10 days | 20 days | 5 days | 10 days | 7 days |
| 40-foot Container (USD/ Container/Day) | 8.8 (Day 10 to 21) | 79.8 (Day 6 onwards) | 79.8 (Day 6 onwards) | 44.6 (Day 11 to 15) | 8.2 (Day 21 onwards) | 2.0 (Day 6 to 10) | 44.6 (Day 11 to 15) | 6.5 (Day 8 to 14) |
| | 11.7 (Day 22 to 31) | | | | | 3.1 (Day 11 to 20) | 83.2 (Day 16 onwards) | 9.1 (Day 15 to 21) |
| | 17.5 (Day 32 to 41) | | | 4.1 (Day 21 to 30) | | 13.0 (Day 22 onwards) | | |
| | 29.2 (Day 42 onwards) | | | 8.2 (Day 31 to 45) | | | | |
| | | | 12.2 (Day 46 to 60) | | | | | |

Source: Respective port authorities, primary and secondary research, KPMG analysis



Seaport Container Storage Charges: The Port Khalid in Sharjah offers the highest free time of 20 days for storage of export containers at the port, with Khalifa bin Salman Port in Bahrain being the next most attractive, offering 11 days of free time. Saqr Port in Ras Al Khaimah, King Abdullah Port in Jeddah and King Abdulaziz Port in Dammam offer the least free time of only five days.

The Sohar Port in Oman offers the most competitive port storage charges followed by Sharjah's Port Khalid. Port storage charges are the highest for ports in Saudi Arabia where the charges are levied per ton and have been assumed for 20-foot and 40-foot containers weighing 15 tons.

Figure 34 below provides an overview of the storage charges for container exports applicable to the relevant sea ports.

Figure 34: Port Storage Charges
Port Storage Charges for Container Exports (USD)

| Location | Bahrain | Jeddah, Saudi Arabia | Dammam, Saudi Arabia | Dubai, UAE | Sharjah, UAE | Ras Al Khaimah, UAE | Abu Dhabi, UAE | Sohar, Oman |
|---|----------------------------|----------------------------|----------------------------|-----------------------------|----------------------------|---------------------------|-----------------------------|-----------------------------|
| Seaport | Khalifa bin Salman Port | King Abdullah Port | King Abdulaziz Port | Jebel Ali Port | Port Khalid | Saqr Port | Khalifa Port | Sohar Port |
| Free Time (Days) | 11 days | 5 days | 5 days | 10 days | 20 days | 5 days | 10 days | 7 days |
| 20-foot Container (USD/ Container/Day) | 4.4 (Day 12 to 21) | 79.8 (Day 6 onwards) | 79.8 (Day 6 onwards) | 8.4 (Day 11 to 30) | 8.2 (Day 21 onwards) | 2.0 (Day 6 to 10) | 8.4 (Day 11 to 30) | 3.3 (Day 8 to 14) |
| | 5.8 (Day 22 to 31) | | | | | 3.1 (Day 11 to 20) | 11.2 (Day 31 to 60) | 4.6 (Day 15 to 21) |
| | 8.8 (Day 32 to 41) | | | 11.2 (Day 31 to 60) | | 4.1 (Day 21 to 30) | 22.3 (Day 61 onwards) | 6.5 (Day 22 onwards) |
| | 14.6 (Day 42 onwards) | | | 22.3 (Day 61 onwards) | | 8.2 (Day 31 to 45) | | |
| | | | | | | 12.2 (Day 46 to 60) | | |
| Free Time (Days) | 11 days | 5 days | 5 days | 10 days | 20 days | 5 days | 10 days | 7 days |
| 40-foot Container (USD/ Container/Day) | 8.8 (Day 12 to 21) | 79.8 (Day 6 onwards) | 79.8 (Day 6 onwards) | 16.9 (Day 11 to 30) | 8.2 (Day 21 onwards) | 2.0 (Day 6 to 10) | 16.9 (Day 11 to 30) | 6.5 (Day 8 to 14) |
| | 11.7 (Day 22 to 31) | | | | | 3.1 (Day 11 to 20) | 22.3 (Day 31 to 60) | 9.1 (Day 15 to 21) |
| | 17.5 (Day 32 to 41) | | | 22.3 (Day 31 to 60) | | 4.1 (Day 21 to 30) | 44.6 (Day 61 onwards) | 13.0 (Day 22 onwards) |
| | 29.2 (Day 42 onwards) | | | 44.6 (Day 61 onwards) | | 8.2 (Day 31 to 45) | | |
| | | | | | | 12.2 (Day 46 to 60) | | |

Source: Respective port authorities, primary and secondary research, KPMG analysis



Demurrage and Detention Charges: Demurrage and detention charges are levied by the shipping company when customers exceed the standard free time allowance. Demurrage charges are applicable when the customer holds the container inside the seaport terminal for longer than the agreed free time allowance whereas detention charges are applicable when the container is held outside the seaport terminal beyond the free time allowance.

Figure 35 below provides the estimated demurrage and detention charges (may vary from one shipping company to another) applicable per container per day across the relevant sea ports.

Figure 35: Demurrage and Detention Charges
Demurrage and Detention Charges for Container Imports (USD)

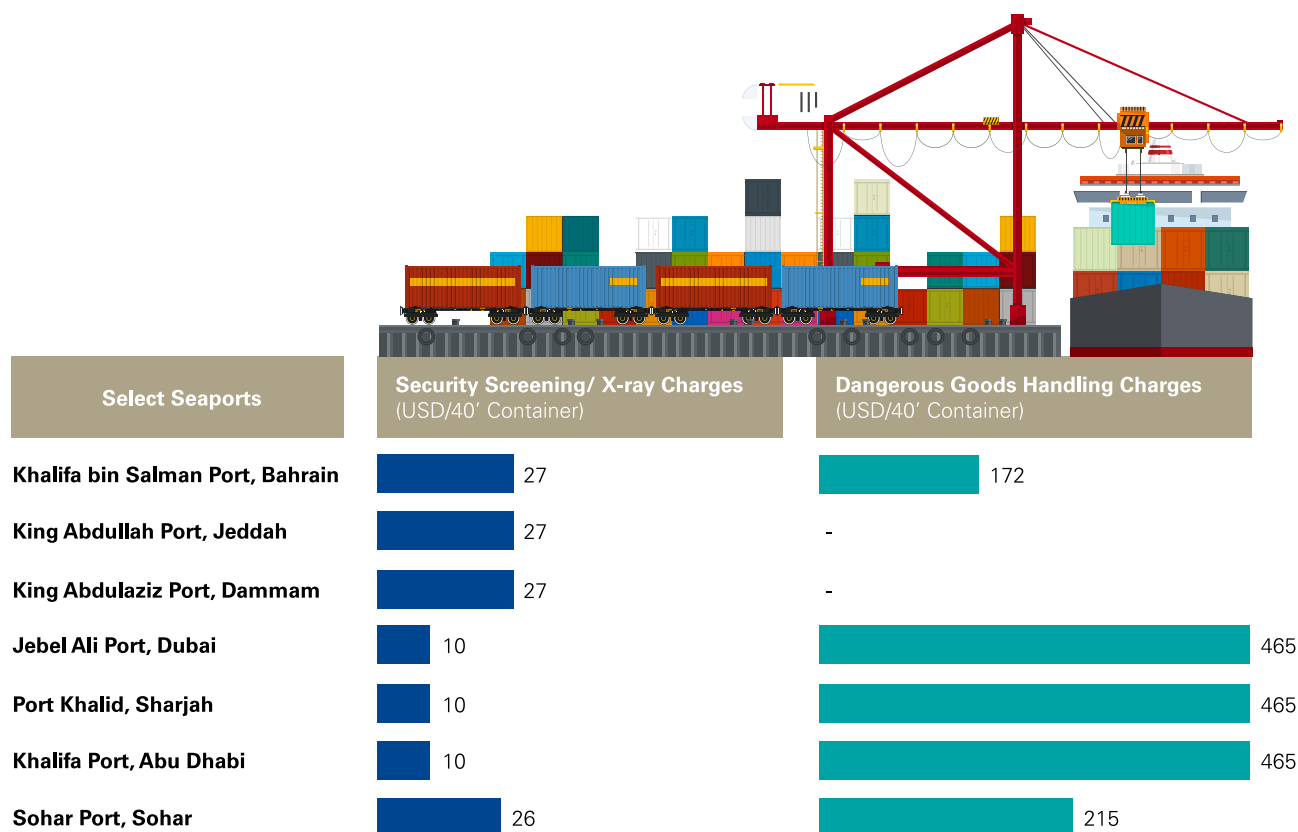
| Location | Bahrain | Jeddah, Saudi Arabia | Dammam, Saudi Arabia | Dubai, UAE | Sharjah, UAE | Ras Al Khaimah, UAE | Abu Dhabi, UAE | Sohar, Oman |
|---|----------------------------|--------------------------|---------------------------|-------------------------|-------------------------|---------------------------|-------------------------|-------------------------|
| Seaport | Khalifa bin Salman Port | King Abdullah Port | King Abdulaziz Port | Jebel Ali Port | Port Khalid | Saqr Port | Khalifa Port | Sohar Port |
| Free Time (Days) | 5 days | 10 days | 10 days | 5 days | 5 days | 5 days | 5 days | 6 days |
| 20-foot Container (USD/ Container/Day) | 11 (Day 6 to 11) | 8 (Day 11 to 15) | 8 (Day 11 to 15) | 20 (Day 6 to 10) | 20 (Day 6 to 10) | 20 (Day 6 to 10) | 22 (Day 6 to 10) | 18 (Day 7 to 15) |
| | | 16 (Day 16 to 30) | 16 (Day 16 to 30) | | | | | |
| | 16 (Day 12 to 15) | 27 (Day 31 to 60) | 27 (Day 31 to 60) | 37 (Day 11 to 17) | 37 (Day 11 to 17) | 37 (Day 11 to 17) | 44 (Day 11 to 15) | 36 (Day 16 to 19) |
| | 21 (Day 16 onwards) | 53 (Day 61 onwards) | 53 (Day 61 onwards) | 67 (Day 18 onwards) | 67 (Day 18 onwards) | 67 (Day 18 onwards) | 87 (Day 16 onwards) | 73 (Day 20 onwards) |
| Free Time (Days) | 5 days | 10 days | 10 days | 5 days | 5 days | 5 days | 5 days | 6 days |
| 40-foot Container (USD/ Container/Day) | 16 (Day 6 to 11) | 16 (Day 11 to 15) | 16 (Day 11 to 15) | 41 (Day 6 to 10) | 41 (Day 6 to 10) | 41 (Day 6 to 10) | 41 (Day 6 to 10) | 36 (Day 7 to 15) |
| | | 32 (Day 16 to 30) | 32 (Day 16 to 30) | | | | | |
| | 27 (Day 12 to 15) | 53 (Day 31 to 60) | 53 (Day 31 to 60) | 71 (Day 11 to 17) | 71 (Day 11 to 17) | 71 (Day 11 to 17) | 82 (Day 11 to 15) | 73 (Day 16 to 19) |
| | 37 (Day 16 onwards) | 80 (Day 61 onwards) | 80 (Day 61 onwards) | 131 (Day 18 onwards) | 131 (Day 18 onwards) | 131 (Day 18 onwards) | 174 (Day 16 onwards) | 146 (Day 20 onwards) |

Source: Survey of regional/international sea freight companies, KPMG analysis



Seaport Security Screening/ X-ray charges and Dangerous Goods Handling charges: Figure 36 below provides the security screening and dangerous goods handling charges as incurred across respective seaports.

Figure 36: Seaport Security Screening/ X-ray Charges and Dangerous Goods Handling charges



Source: Survey of regional/international sea freight companies, KPMG analysis

Seaport Container Deposit Charges: Figure 37 below provides the container deposit charges as incurred across respective seaports.

Figure 37: Container Deposit Charges
Container Deposit Charges (USD)

| Location | Bahrain | Jeddah, Saudi Arabia | Dammam, Saudi Arabia | Dubai, UAE | Sharjah, UAE | Abu Dhabi, UAE | Sohar, Oman |
|--|-------------------------|----------------------|----------------------|----------------|--------------|----------------|-------------|
| Cost Type | Khalifa bin Salman Port | King Abdullah Port | King Abdulaziz Port | Jebel Ali Port | Port Khalid | Khalifa Port | Sohar Port |
| Container Deposit Charges (USD/Container) | Nil | 798 | 798 | Nil | Nil | Nil | Nil |

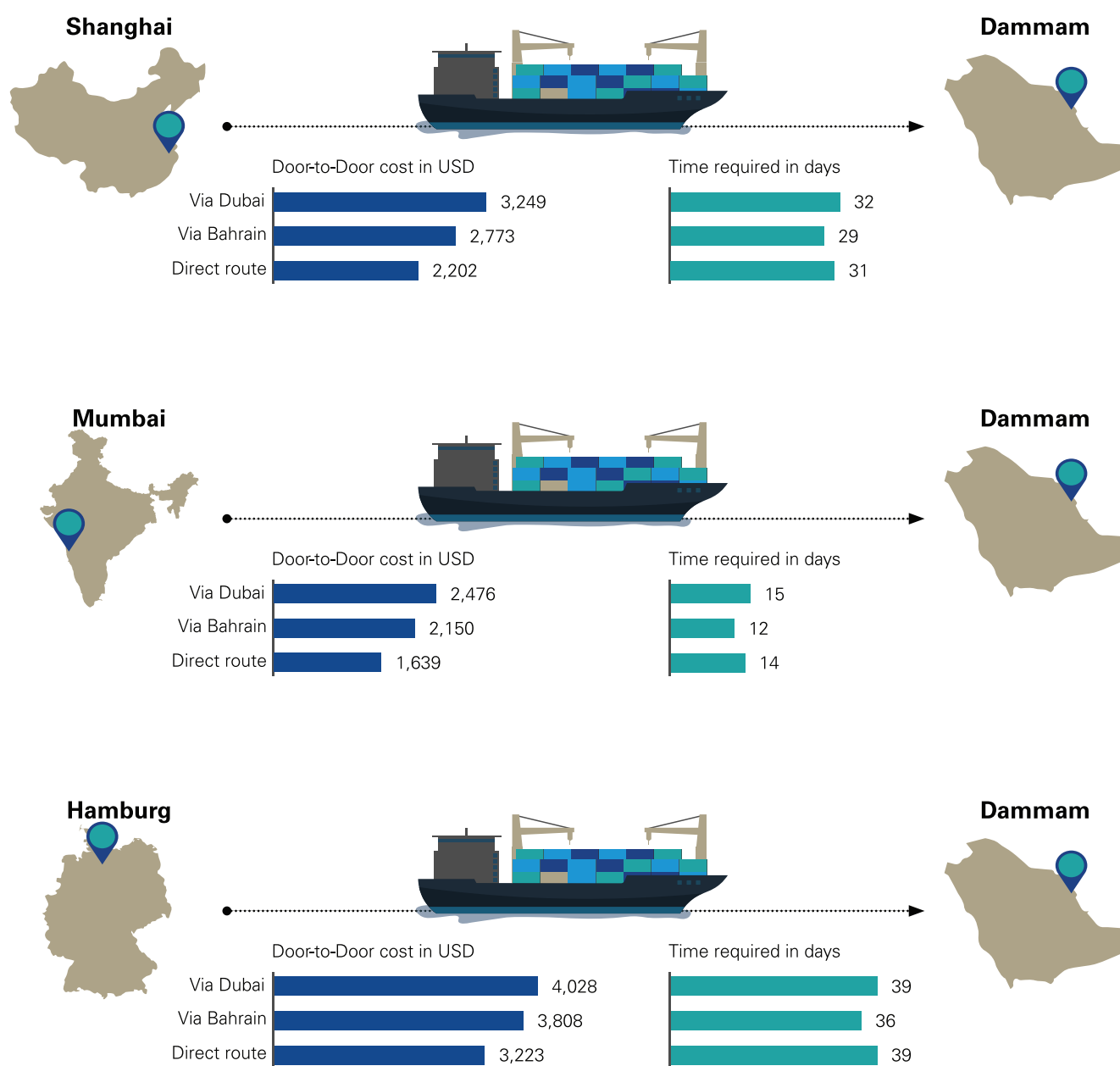
Source: Survey of regional/international sea freight companies, KPMG analysis



Sea Transport

Importing shipments by sea into Dammam via Bahrain route is around 5-20% cheaper than via Dubai. While it is cheaper to import directly into Dammam, it takes on an average 2-3 additional days to get the goods delivered.

Figure 38: Comparative Overview of Importing Shipments into Dammam by Sea

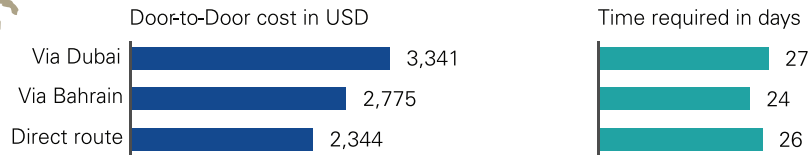




Venice



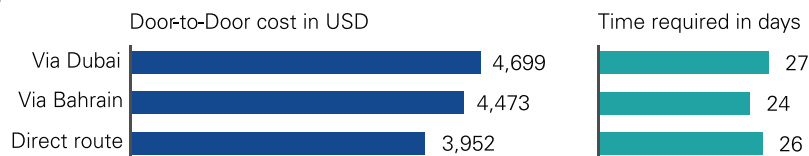
Dammam



Los Angeles



Dammam



Alexandria



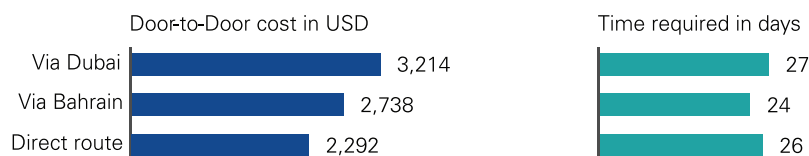
Dammam



Istanbul



Dammam

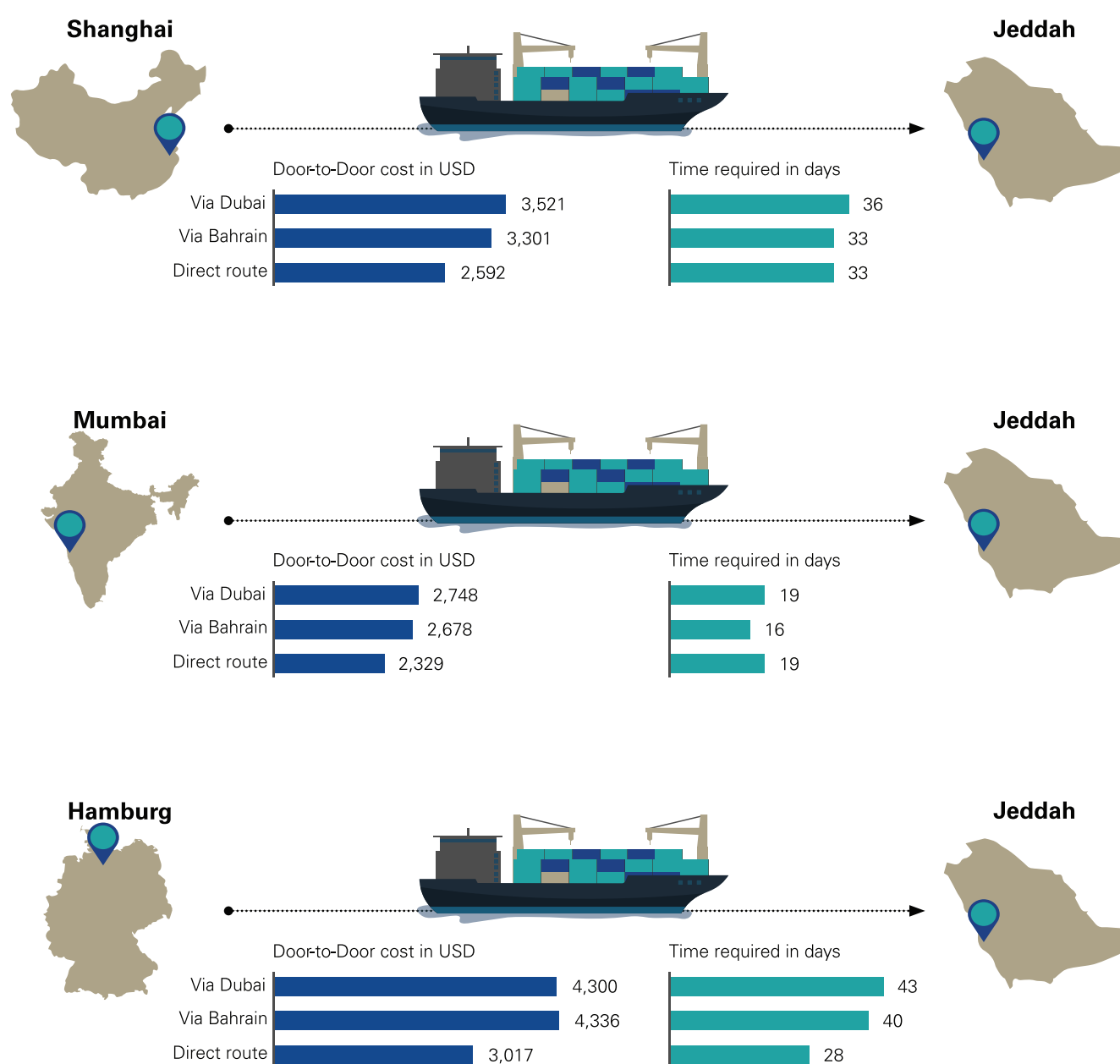


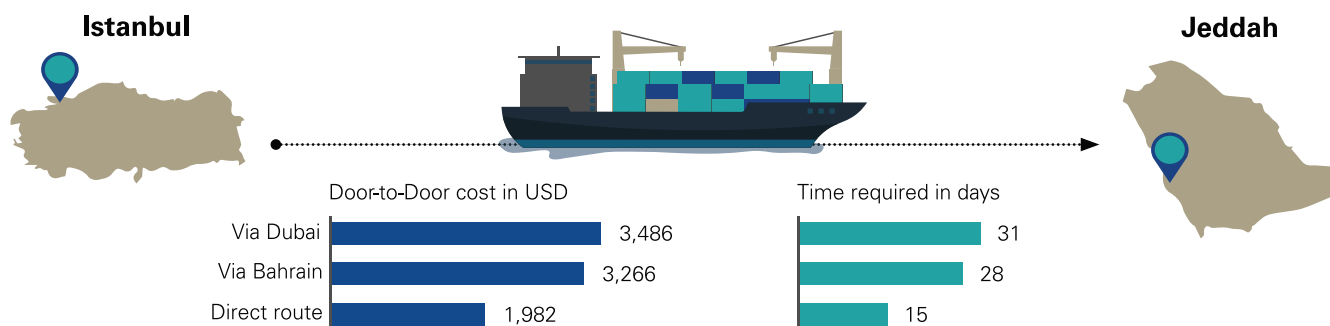
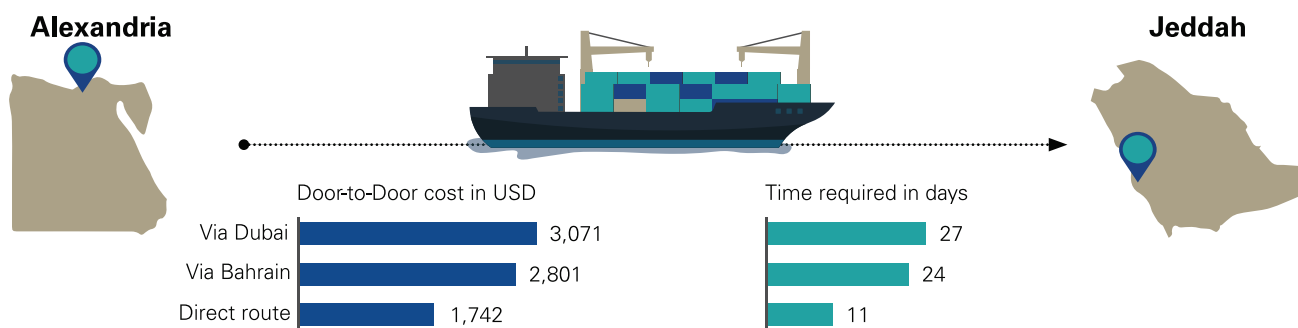
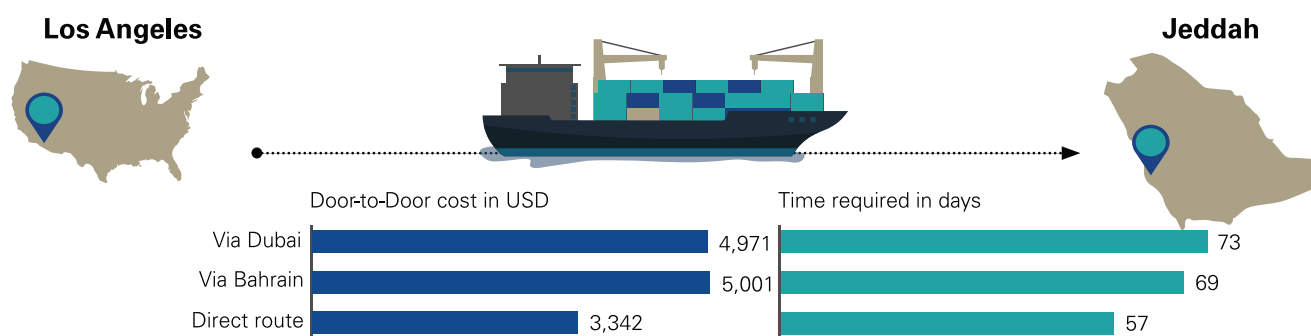
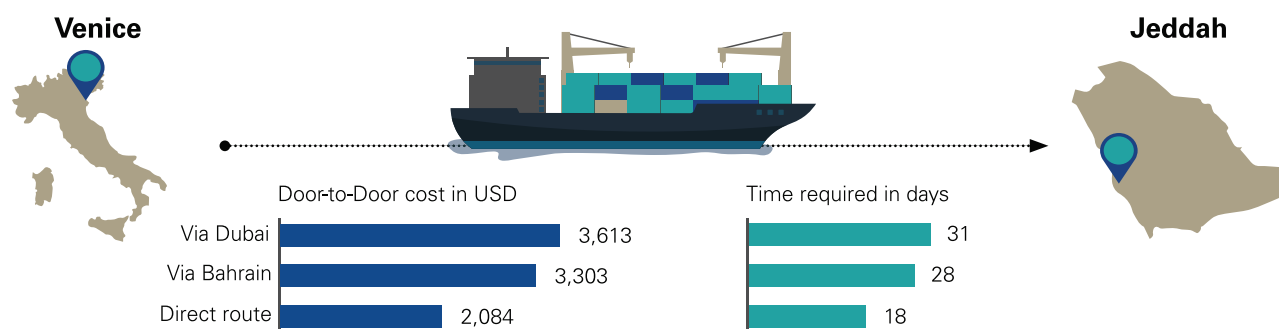
Source: Survey of regional/international road and sea freight companies, KPMG analysis



Importing shipments by sea into Jeddah via Bahrain route is around 3-9% cheaper than via Dubai and takes on an average 3-4 fewer days to get the goods delivered. However, it is more competitive to get the goods delivered directly into Jeddah.

Figure 39: Comparative Overview of Importing Shipments into Jeddah by Sea



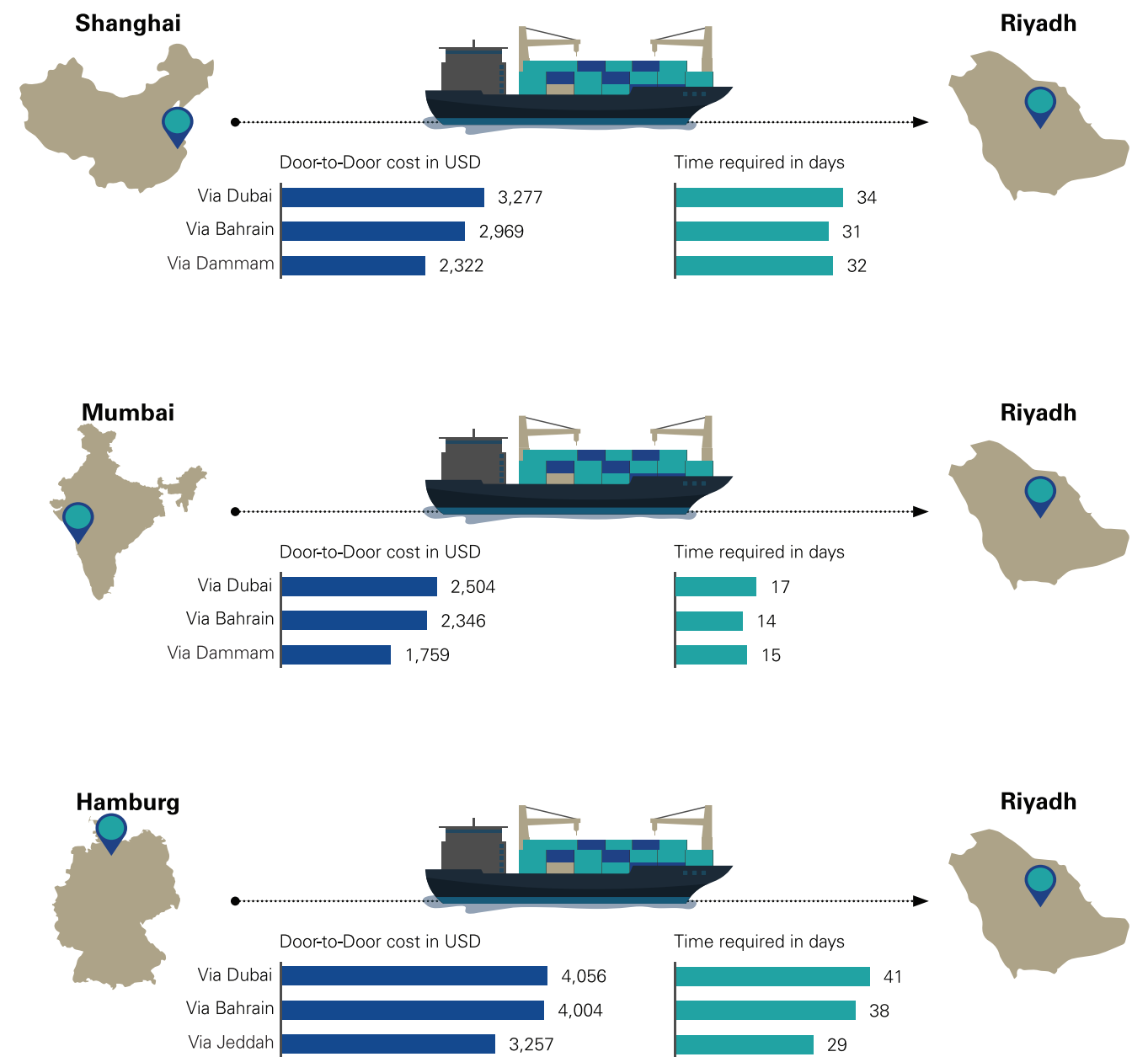


Source: Survey of regional/international road and sea freight companies, KPMG analysis



Importing shipments by sea into Riyadh via Bahrain route is around 1-13% cheaper than via Dubai and takes on an average 3-4 fewer days to get the goods delivered.

Figure 40: Comparative Overview of Importing Shipments into Riyadh by Sea

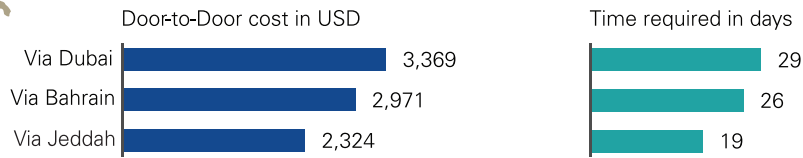




Venice



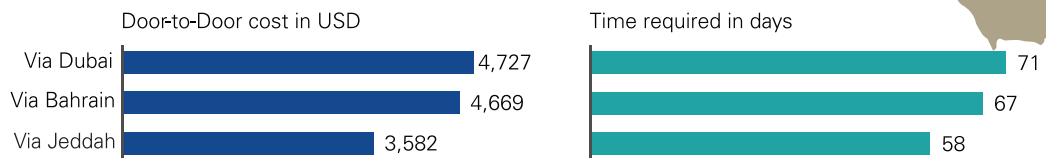
Riyadh



Los Angeles



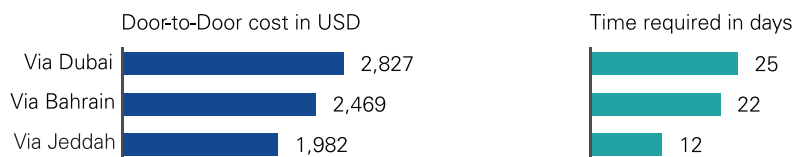
Riyadh



Alexandria



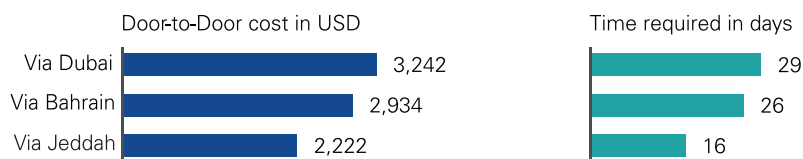
Riyadh



Istanbul



Riyadh



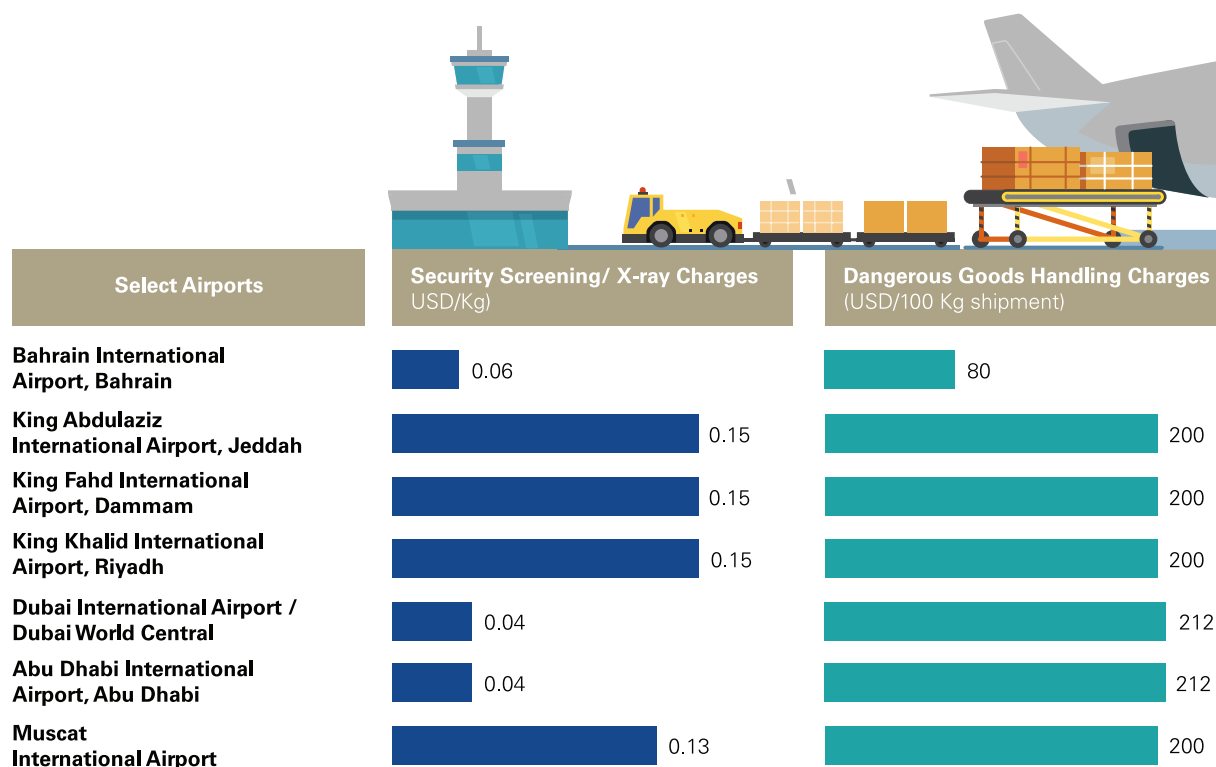
Source: Survey of regional/international road and sea freight companies, KPMG analysis



Air Transport

Airport Security Screening/ X-ray Charges and Dangerous Goods Handling Charges: Figure 41 below provides the security screening and dangerous goods handling charges as incurred across respective airports.

Figure 41: Airport Security Screening/ X-ray Charges and Dangerous Goods Handling Charges



Source: Survey of regional/international air freight companies, KPMG analysis

Cargo Handling and Total Throughput Charges: Figure 42 below provides the indicative cost of cargo handling and total throughput (including handling charges) for importing shipments by air across select airports in the region.

Figure 42: Cargo Handling and Total Throughput Charges

Cargo Handling and Total Throughput Charges for Import of Air Shipments (USD)

| Location | Bahrain | Jeddah, Saudi Arabia | Dammam, Saudi Arabia | Riyadh, Saudi Arabia | Dubai, UAE | Dubai, UAE | Sharjah, UAE | Ras Al Khaimah, UAE | Abu Dhabi, UAE | Muscat, Oman |
|--|-------------------------------|--------------------------------------|---------------------------------|-----------------------------------|-----------------------------|---------------------------|-------------------------------|--------------------------------------|---------------------------------|------------------------------|
| Cost Type | Bahrain International Airport | King Abdulaziz International Airport | King Fahd International Airport | King Khalid International Airport | Dubai International Airport | Dubai World Central (DWC) | Sharjah International Airport | Ras Al Khaimah International Airport | Abu Dhabi International Airport | Muscat International Airport |
| Airport Cargo Handling Charges (USD/kg) | 0.10 (Minimum \$35) | 0.12 (Minimum \$35) | 0.12 (Minimum \$35) | 0.12 (Minimum \$35) | 0.15 (Minimum \$50) | 0.15 (Minimum \$50) | 0.15 (Minimum \$50) | 0.15 (Minimum \$50) | 0.15 (Minimum \$50) | 0.13 (Minimum \$50) |
| Airport Total Throughput Cost (USD/300kg shipment) | 120 | 110 | 110 | 110 | 150 | 150 | 150 | 150 | 150 | 135 |

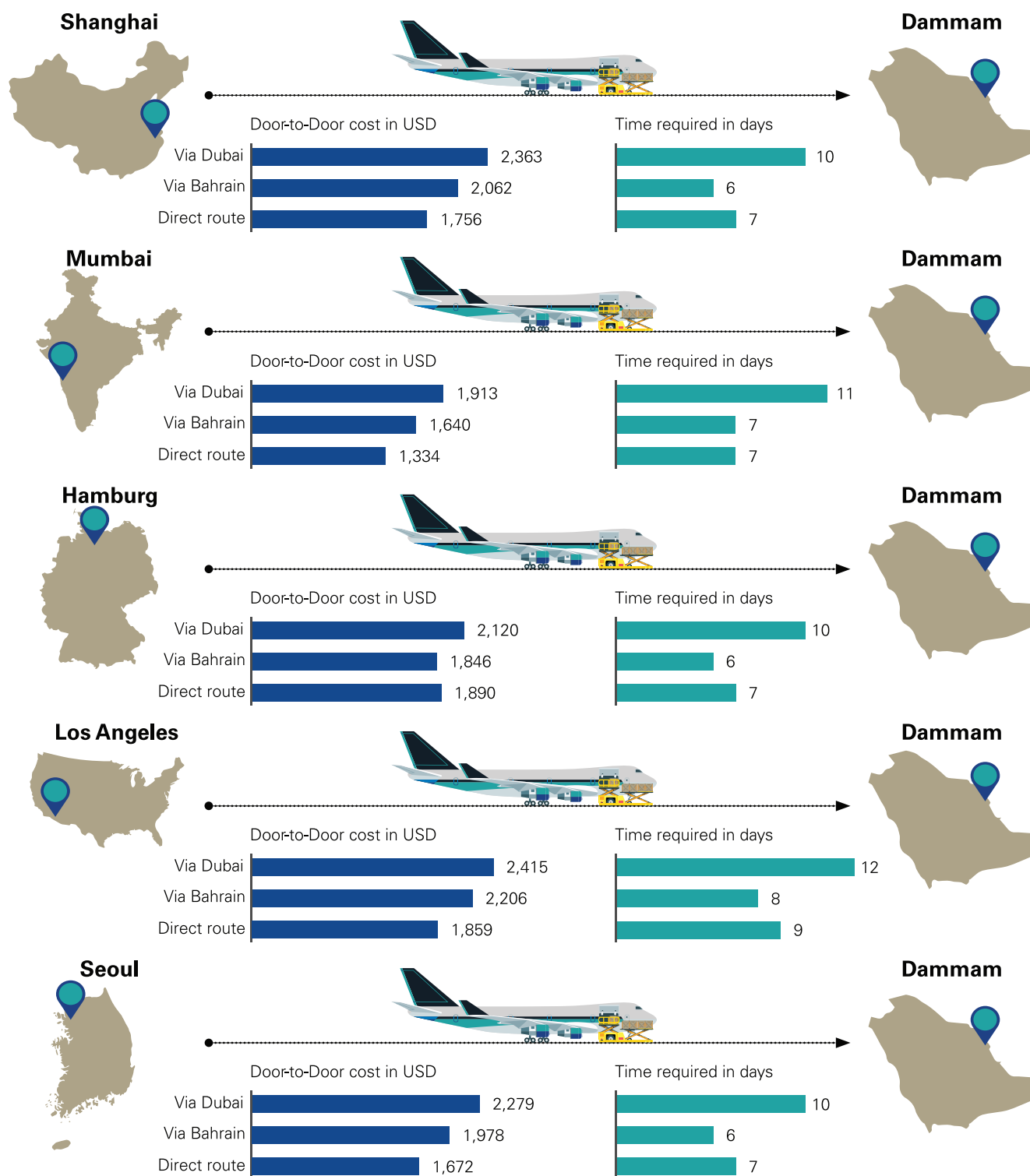
Source: Survey of regional/international air freight companies, KPMG analysis



Air Freight Costs

Importing shipments by air into Dammam via Bahrain route is about 9-14% cheaper than via Dubai and takes on average 4 fewer days to get the goods delivered.

Figure 43: Comparative Overview of Importing Shipments into Dammam by Air

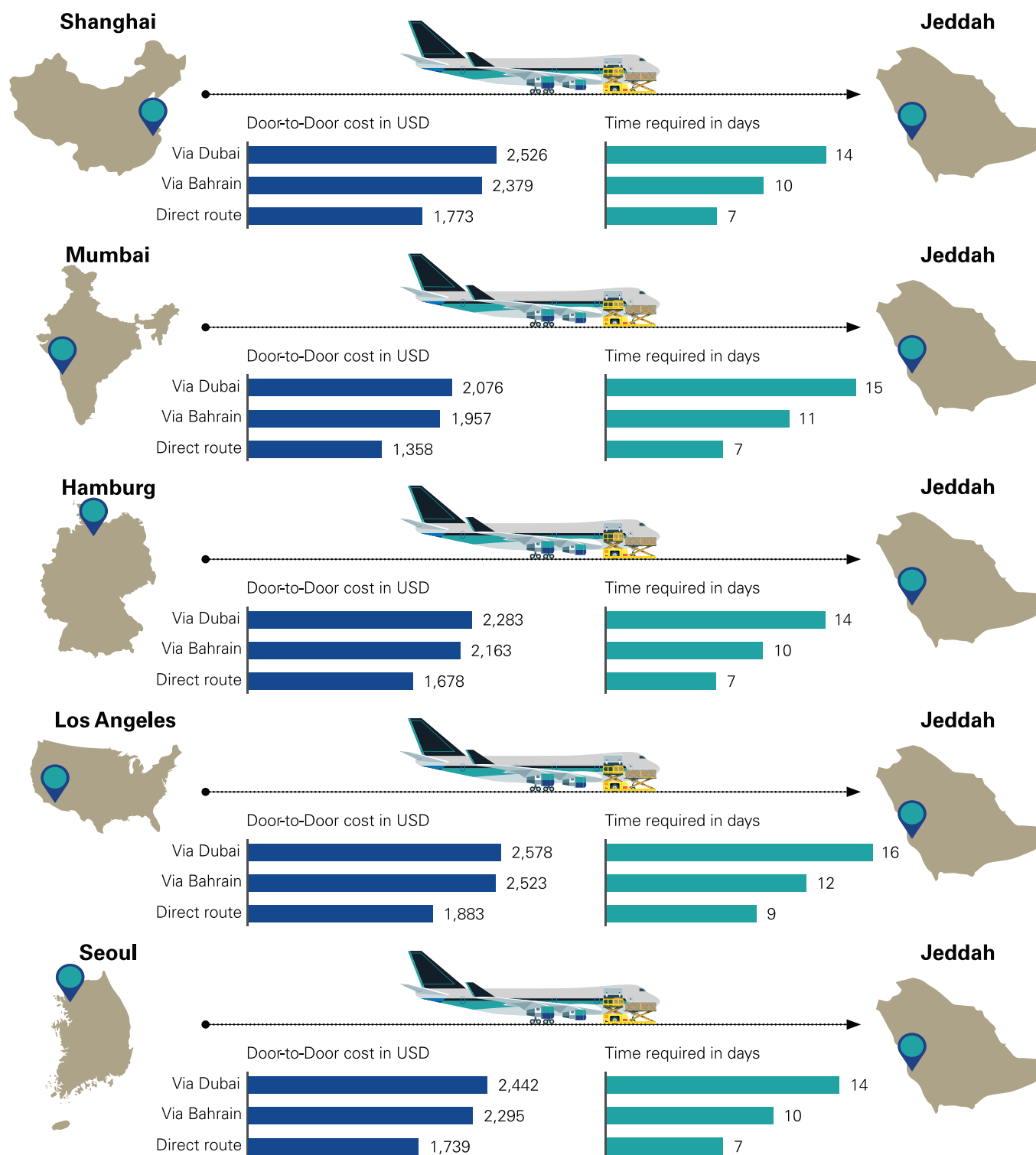


Source: Survey of regional/international road and air freight companies, KPMG analysis



Importing shipments by air into Jeddah via Bahrain route is about 2-6% cheaper than via Dubai and takes on average 4 fewer days to get the goods delivered. However, importing goods directly into Jeddah is more competitive than via Bahrain.

Figure 44: Comparative Overview of Importing Shipments into Jeddah by Air

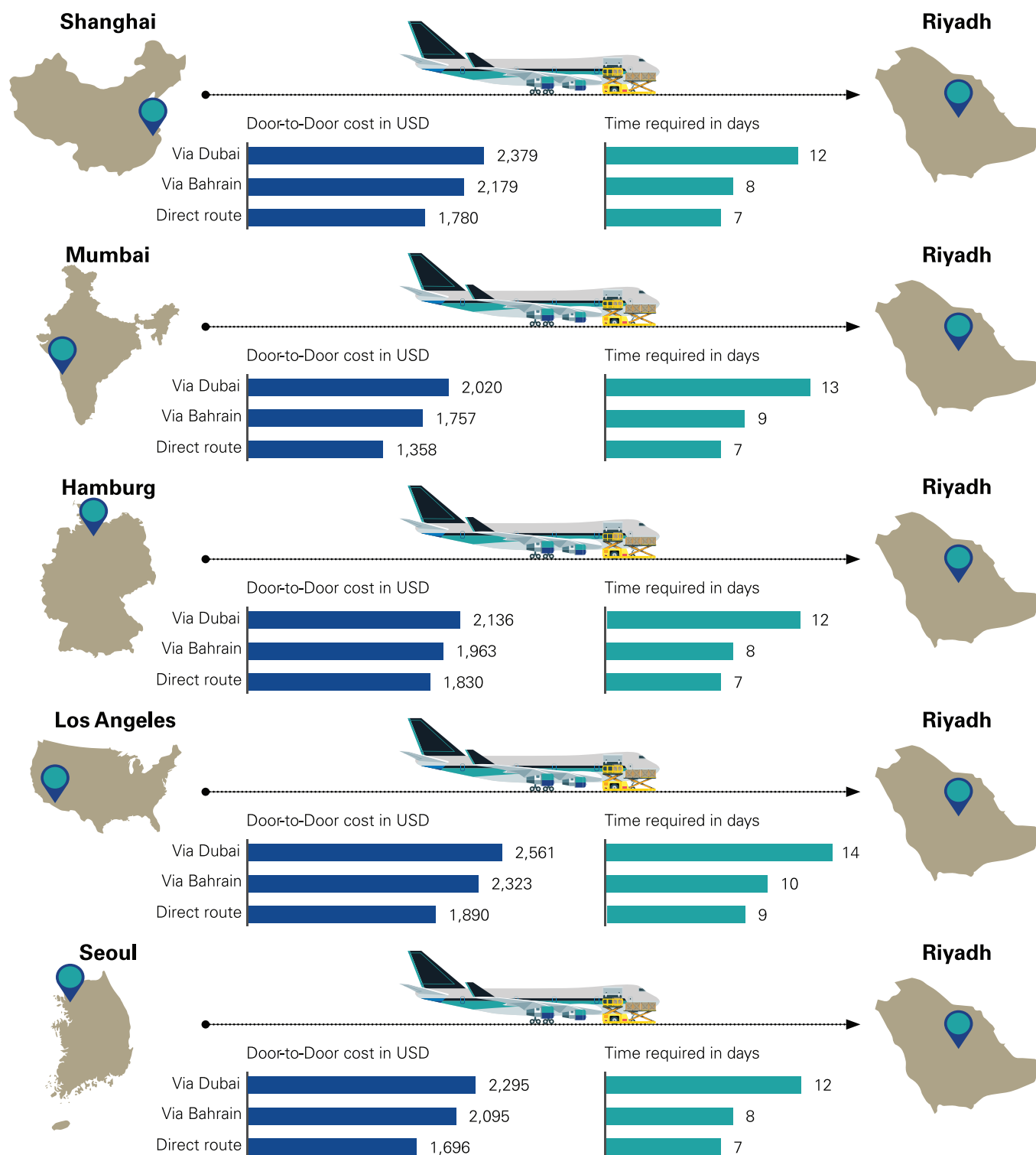


Source: Survey of regional/international road and air freight companies, KPMG analysis



Importing shipments by air into Riyadh via Bahrain route is about 8-13% cheaper than via Dubai and takes on average 4 fewer days to get the goods delivered. However, importing goods directly into Riyadh is more competitive than via Bahrain.

Figure 45: Comparative Overview of Importing Shipments into Riyadh by Air



Source: Survey of regional/international road and air freight companies, KPMG analysis



2.10 Overall Cost of Doing Business

Cost of Setting up a Manufacturing Business

Figure 46 below outlines the estimated overall cost of setting-up a manufacturing business across the benchmarked manufacturing parks. To estimate the cost of setup an illustrative example with the following assumptions has been taken:

- Plot of Land: 5,000 sqm
- Built-up Area: 3,000 sqm (taken at 60% of the land size)
- Number of Employees in the Setup Phase: 10

Based on the parameters taken to arrive at the estimated business setup cost, BIIP emerges as the most competitive destination. Compared to BIIP, the setup cost at other benchmarked manufacturing parks is around 2% to 16% higher.

Figure 46: Cost of Setting up a Manufacturing Business⁴⁰

Estimated Cost of Setting-up a Manufacturing Business at Benchmarked Manufacturing Parks (USD)

| | | ↑ 15% | ↑ 15% | ↑ 16% | ↑ 10% | ↑ 10% | ↑ 9% | ↑ 9% | ↑ 9% | ↑ 8% | ↑ 8% | ↑ 2% |
|---------------------------------------|-----------------------------|---------------------|--|--|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | Percentage higher than BIIP | | | | | | | | | | | |
| Cost Type (USD) | BIIP | KAEC | Dammam 3 rd Industrial City | Riyadh 3 rd Industrial City | JAFZA | NIP | Dubai South | DIP | SAIF Zone | KIZAD | RAK FTZ | SPFZ |
| Company Formation | 399 | 7,980 | 851 | 851 | 5,576-6,528 | 5,576-6,528 | 3,291 | 3,272-4,167 | 4,760-6,800 | 4,930 | 4,692 | 5,031 |
| Land Rental⁴¹ | 13,295 | 29,438-34,326 | 20,150-64,838 | 22,943-64,838 | 55,542-138,856 | 55,542-138,856 | 57,834-66,402 | 54,264 | 36,370-83,970 | 42,364 | 24,480-68,000 | 40,000 |
| Construction⁴² | 2,727,792-3,287,792 | 3,001,536-3,571,536 | 3,004,788-3,574,788 | 3,004,788-3,574,788 | 2,807,570-3,417,570 | 2,807,750-3,417,570 | 2,805,857-3,415,857 | 2,807,767-3,417,767 | 2,813,160-3,423,160 | 2,805,000-3,415,000 | 2,809,896-3,419,896 | 2,726,300-3,336,300 |
| Manpower⁴³ | 360,665-468,864 | 524,920-682,395 | 524,920-682,395 | 524,920-682,395 | 480,018-624,023 | 480,018-624,023 | 480,018-624,023 | 480,018-624,023 | 480,018-624,023 | 480,018-624,023 | 480,018-624,023 | 378,216-491,681 |
| Visa and Permits⁴³ | 7,764 | 20,615 | 20,615 | 20,615 | 4,442-4,125 | 4,442-4,125 | 4,107 | 2,566 | 4,366-4,406 | 3,422-4,417 | 4,896-5,032 | 13,507 |
| Serviced Office Rental | 30,153-58,583 | 31,673-97,733 | 55,201-83,887 | 44,342-112,574 | 26,557-107,340 | 26,557-107,340 | 26,557-107,340 | 26,557-107,340 | 26,557-107,340 | 22,578-108,913 | 26,557-107,340 | 29,484-73,289 |
| Estimated Setup Cost (Minimum) | 3,140,068 | 3,616,162 | 3,626,524 | 3,618,458 | 3,379,706 | 3,379,706 | 3,377,665 | 3,374,445 | 3,365,231 | 3,358,312 | 3,350,539 | 3,192,538 |
| Estimated Setup Cost (Maximum) | 3,836,697 | 4,414,585 | 4,427,374 | 4,456,061 | 4,298,443 | 4,298,443 | 4,221,021 | 4,210,128 | 4,249,700 | 4,199,648 | 4,228,983 | 3,959,808 |

Source: KPMG analysis

⁴⁰ The period of setup has been assumed to be one year

⁴¹ Land rental cost is inclusive of service charges and VAT where applicable

⁴² Construction cost has been assumed for a light duty factory with a built-up area of 3,000 sqm. Includes cost of obtaining the construction permit and the estimated cost of constructing a light duty factory

⁴³ Manpower and visa related costs have been calculated for 10 management level staff for a period of one year



Annual Cost of Operating a Manufacturing Business

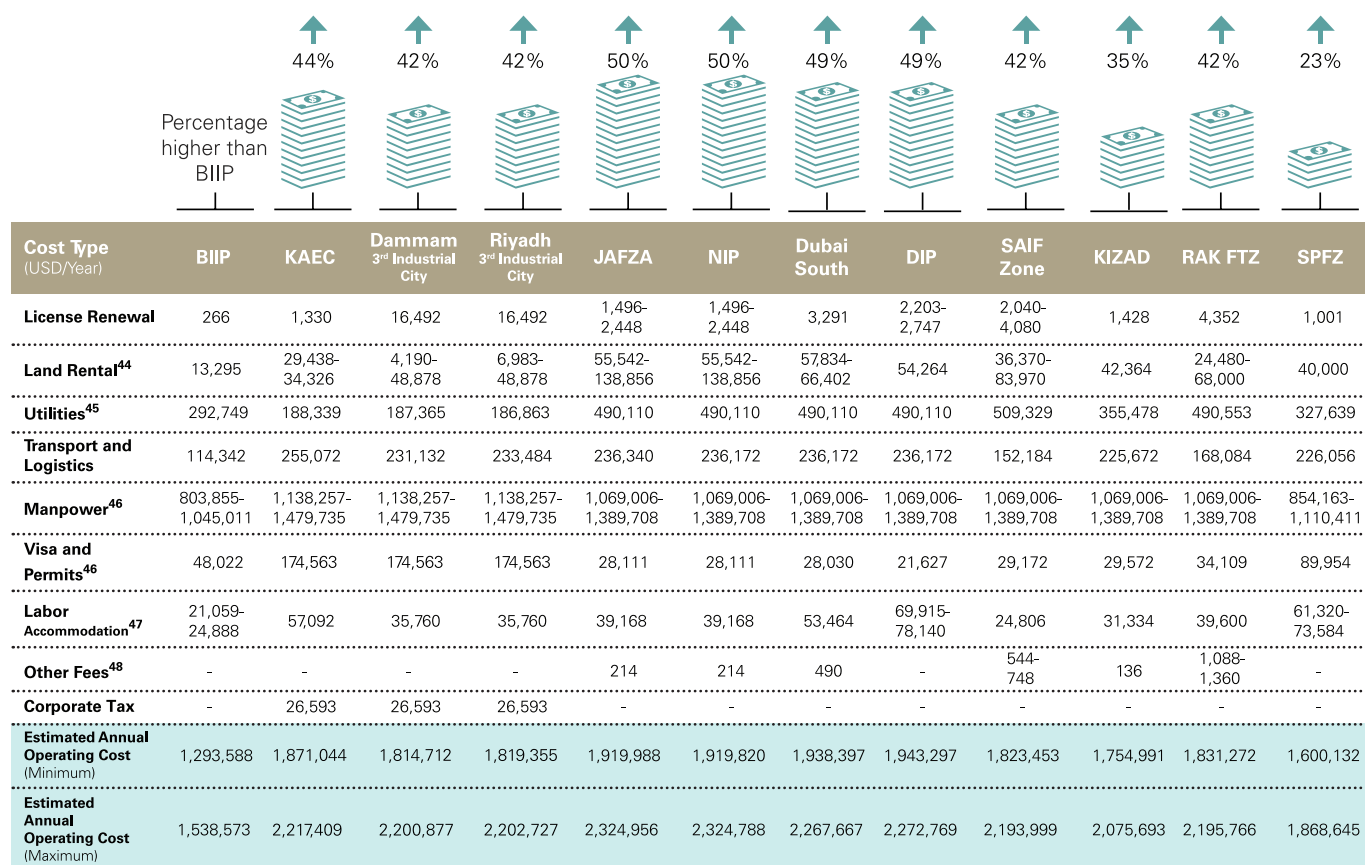
Figure 47 below outlines the estimated overall annual cost of operating a manufacturing business across the benchmarked manufacturing parks. To estimate the annual cost an illustrative example with the following assumptions has been taken:

- Plot of Land: 5,000 sqm
- Built-up Area: 3,000 sqm (taken at 60% of the land size)
- Number of Employees in the Operating Phase: 45
- Annual cost of dependents visa, national ID and health insurance for a spouse and two children for 10 management level staff
- Corporate tax on 49% foreign shareholding for a manufacturing company with a net profit of USD 275,000
- Transport and Logistics cost: by sea, import of ten 40' FCL (full container load) per month; by air, import of two shipments per month each weighing 300 kgs; and by road, movement of seven 40' FCL per month. The estimated logistics costs were arrived at by incorporating sea, air and road freight cost, customs clearance charges and terminal handling charges as applicable. Transport and Logistics cost assume a scenario wherein products manufactured at respective manufacturing parks are exported to Riyadh while products manufactured in Saudi Arabia are exported to Dubai.

Based on the parameters taken to arrive at the estimated annual operating cost, BIIP emerges as the most competitive destination followed by SPFZ which is around 23% higher than BIIP. Compared to BIIP, the annual operating cost at other benchmarked manufacturing parks across Saudi Arabia and the UAE is around 35% to 50% higher.

Figure 47: Annual Cost of Operating a Manufacturing Business

Estimated Annual Cost of Operating a Manufacturing Business at Benchmarked Manufacturing Parks (USD)



Source: KPMG analysis

⁴⁴ Land rental cost is inclusive of service charges and VAT where applicable

⁴⁵ Reflects the annual utilities cost based on a 3,000 sqm built-up area consuming 255,810 kWh of electricity per month (assuming consumption of 85.27 kWh per sqm per month) and 70m³ of water per month. Also, assuming three vehicles each consuming 20 litres of gasoline 91 per day, three vehicles each consuming 20 litres gasoline 95 per day and five commercial vehicles (trucks) each consuming 100 litres of diesel per day for 22 working days in a month

⁴⁶ Manpower and visa related costs have been calculated for a total of 45 staff and dependents visa related costs for management level staff

⁴⁷ Labor accommodation cost has been calculated for 24 blue-collar staff

⁴⁸ Other Fees include the cost of obtaining annual entry pass to manufacturing parks for five commercial vehicles (trucks)





III. Appendix 1



Nationalities offered e-Visa and Visa on Arrival to Bahrain

Nationalities offered Visa on Arrival (68)

| | | |
|-----------------|----------------|------------------|
| Denmark | UK | Chile |
| Australia | US | Columbia |
| Austria | Vatican City | Ecuador |
| Belgium | Russia | Paraguay |
| Brunei | South Korea | Peru |
| Andorra | Turkey | Suriname |
| Canada | Kazakhstan | Uruguay |
| Finland | China | Falkland Islands |
| France | Thailand | Venezuela |
| Germany | Macau | Georgia |
| Greece | Cyprus | |
| Hong Kong | Poland | |
| Iceland | Croatia | |
| Ireland | Czech Republic | |
| Italy | Latvia | |
| Japan | Hungary | |
| Liechtenstein | Latvia | |
| Luxembourg | Lithuania | |
| Malaysia | Malta | |
| Monaco | Poland | |
| The Netherlands | Romania | |
| New Zealand | Slovakia | |
| Norway | Slovenia | |
| Portugal | Mexico | |
| San Marino | Argentina | |
| Singapore | French Guiana | |
| Spain | Bolivia | |
| Sweden | Guyana | |
| Switzerland | Brazil | |

Nationalities offered e-Visa (116)

| | | | |
|----------------|------------------|------------------------|----------------------------------|
| Andorra | Russia | Egypt | Puerto Rico |
| Austria | San Marino | Gabon | Saint Barthelemy |
| Belgium | Slovakia | Ghana | Saint Kitts and Nevis |
| Bulgaria | Slovenia | Ivory Coast | Saint Martin |
| Croatia | Spain | Kenya | Sint Maarten |
| Cyprus | Sweden | Morocco | Saint Lucia |
| Czech Republic | Switzerland | Mauritius | Saint Vincent and the Grenadines |
| Denmark | The Netherlands | Mozambique | United States Virgin Islands |
| Estonia | Turkey | Senegal | Trinidad and Tobago |
| Finland | Vatican City | Seychelles | Turks and Caicos Islands |
| France | UK | South Africa | Brunei |
| Germany | Argentina | Anguilla | China |
| Greece | Brazil | Antigua and Barbuda | Hong Kong |
| Hungary | Bolivia | Aruba | India |
| Iceland | Canada | Bahamas | Indonesia |
| Ireland | Chile | Barbados | Japan |
| Italy | Colombia | British Virgin Islands | Jordan |
| Isle of Man | Ecuador | Caribbean Netherlands | Kazakhstan |
| Isle of Wright | Falkland Islands | Cayman Islands | Malaysia |
| Latvia | French Guyana | Cuba | Pakistan |
| Liechtenstein | Guyana | Curacao | Singapore |
| Lithuania | Mexico | Dominican Republic | South Korea |
| Luxembourg | Paraguay | Dominica | Thailand |
| Malta | Peru | Grenada | Taiwan |
| Monaco | Suriname | Guadeloupe | Macau |
| Norway | Uruguay | Haiti | Australia |
| Poland | US | Jamaica | New Zealand |
| Portugal | Venezuela | Martinique | Azerbaijan |
| Romania | Cameroon | Montserrat | Georgia |

Source: Respective government agencies, primary and secondary research, KPMG analysis





Nationalities offered e-Visa and Visa on Arrival to Saudi Arabia

Nationalities offered Visa on Arrival

| |
|------|
| None |
|------|

Nationalities offered e-Visa (49)

| | |
|----------------|-------------|
| Andorra | Lithuania |
| Australia | Luxembourg |
| Austria | Malaysia |
| Belgium | Malta |
| Brunei | Monaco |
| Bulgaria | Montenegro |
| Canada | Netherlands |
| China | New Zealand |
| Cyprus | Norway |
| Croatia | Poland |
| Czech Republic | Portugal |
| Denmark | Romania |
| Estonia | Russia |
| Finland | San Marino |
| France | Singapore |
| Germany | Slovakia |
| Greece | Slovenia |
| Hungary | South Korea |
| Iceland | Spain |
| Ireland | Sweden |
| Italy | Switzerland |
| Japan | Ukraine |
| Kazakhstan | UK |
| Latvia | US |
| Liechtenstein | |

Source: Respective government agencies, primary and secondary research, KPMG analysis





Nationalities offered e-Visa and Visa on Arrival to the UAE

Nationalities offered Visa on Arrival (66)

| | | |
|--------------------|---------------|----------------------------------|
| Andorra | Estonia | El Salvador |
| Australia | Finland | Kazakhstan |
| Brunei | France | Mauritius |
| Canada | Germany | Saint Vincent and the Grenadines |
| Hong Kong | Greece | Maldives |
| Ireland | Hungary | Uruguay |
| Japan | Iceland | Bahamas |
| Malaysia | Italy | Soloman Islands |
| Monaco | Latvia | Nauru |
| New Zealand | Liechtenstein | Argentina |
| China | Lithuania | Ukraine |
| Russian Federation | Luxembourg | Barbados |
| San Marino | Malta | Brazil |
| Singapore | Netherlands | Chile |
| South Korea | Norway | Costa Rica |
| UK | Poland | Honduras |
| US | Portugal | Cyprus |
| Vatican City | Romania | Czech Republic |
| Austria | Seychelles | Denmark |
| Belgium | Slovakia | Sweden |
| Bulgaria | Slovenia | Switzerland |
| Croatia | Spain | Montenegro |

Nationalities offered e-Visa

All Nationalities

Source: Respective government agencies, primary and secondary research, KPMG analysis





Nationalities offered e-Visa and Visa on Arrival to Oman

Nationalities offered Visa on Arrival (72)

| | | |
|-----------------------------|---------------|--------------------------|
| Andorra | Romania | Malaysia |
| Austria | San Marino | New Zealand |
| Belgium | Slovakia | Seychelles |
| United Kingdom | Slovenia | Singapore |
| Bulgaria | Spain | South Africa |
| Croatia | Sweden | South Korea |
| Czech Republic | Switzerland | Taiwan |
| Denmark | Vatican City | Thailand |
| Estonia | Cyprus | Turkey |
| Finland | Argentina | US |
| France | Bolivia | Republic of Serbia |
| Germany | Brazil | Islamic Republic of Iran |
| Greece | Chile | Georgia |
| Hungary | Colombia | Ukraine |
| Iceland | Ecuador | Monaco |
| Ireland | Paraguay | Netherlands |
| Italy | Suriname | Norway |
| Latvia | Uruguay | Poland |
| Liechtenstein | Venezuela | Portugal |
| Lithuania | Australia | Hong Kong |
| Luxembourg | Brunei | Indonesia |
| Republic of North Macedonia | Dar al-Salam | Japan |
| Malta | Canada | Lebanon |
| Republic of Moldova | French Guiana | Macao |

Nationalities offered e-Visa

All Nationalities

Source: Respective government agencies, primary and secondary research, KPMG analysis



III. Appendix 2

Saudization Requirements - Incentives by Band in Saudi Arabia

| Red Band | Low Green Band, Medium Green Band and High Green Band | Platinum Band |
|----------|--|--|
| None | <ul style="list-style-type: none"> Can renew existing work visas Can apply for new work visas every two months Entitled to one new visa for every two foreign workers leaving the country on a final exit visa Entitled to 'open profession visas,' that is, firms can change and update their foreign workers' profession (job descriptions) as necessary (excluding job restricted to Saudis) Can hire foreign workers from Red firms without the consent of their current employers Entitled to a six-month grace period for the submission of the Certificate of Zakat and Income Tax Entitled to a six-month grace period in the renewal of their expired professional license, commercial registration, and all Ministry of Labor and Social Development (MLSD) documents | <ul style="list-style-type: none"> Entitled to unrestricted approval of new visas, that is, firms can hire anyone from any part of the world at any time Entitled to one new visa for every two foreign employees leaving the country on a final exit visa Can use electronic system to apply for work visas for any type of profession (except for jobs restricted to Saudis) Able to renew existing visas for any employee within three months of their expiration Entitled to open profession visas Can hire foreign workers from Red firms without the consent of their current employers Entitled to a six-month grace period for the submission of the Certificate of Zakat and Income Tax Entitled to a one year grace period in the renewal of their expired professional license, commercial registration, and all MLSD documents |

Saudization Requirements - Penalties by Band in Saudi Arabia

| Red Band | Low Green Band, Medium Green Band and High Green Band | Platinum Band |
|---|---|---------------|
| <ul style="list-style-type: none"> Not granted new work visas Not allowed to renew existing work visas Not allowed to transfer visa to other jobs Cannot hire foreign workers from other firms Not allowed to open new facilities or branches Their foreign employees are allowed to transfer jobs to companies in the Platinum & Green bands without their consent | None | None |

Source: Primary and secondary research, KPMG analysis



III. Appendix 3

Overview of Export Bahrain

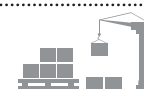
| Export Bahrain | Key Sections | Description |
|----------------------|-------------------------|---|
| About Export Bahrain | General Overview | <ul style="list-style-type: none"> Export Bahrain is the platform in the Kingdom of Bahrain that supports small and medium enterprises (SMEs) exports internationally Export Bahrain focuses on empowering SMEs by exporting their products and services to potential markets in key destinations worldwide Export Bahrain supports companies from diverse sectors Export Bahrain delivers relevant support to Bahraini small and medium exporters aspiring to access international markets through exporting Export Bahrain is aligned with Bahrain's Economic Vision 2030, by 'promoting our export-oriented sectors to ensure that Bahraini companies embrace the world markets for products and services' |
| | Objectives | <p>Export Bahrain serves the objective of propelling the growth of SMEs by reaching out to international markets exporting homegrown local products and services internationally.</p> <p>Export Bahrain's solutions stimulate the growth of SMEs across the following parameters:</p> <ul style="list-style-type: none"> Boosting competitiveness: Enhance the capabilities of Bahraini SMEs in the export business Activating untapped potentials: Evolve the export landscape by utilizing resources/ sectors that are previously underdeveloped/not utilized Developing the backbone of the industry: Contribute to the growth and development of international trade Generating innovation: Diversify export opportunities and global reach |
| | Who is Eligible? | <p>The companies that fulfill the below requirements, are eligible for Export Bahrain's solutions:</p> <ul style="list-style-type: none"> A company with an active Bahraini Commercial Registration in the Kingdom of Bahrain Startup and growing companies with revenues up to BHD 3,000,000 (as per MOICT's definition of SMEs) To meet minimum standards of local production, goods manufactured or processed |
| | Target Segment | <ul style="list-style-type: none"> Pre-Export: an SME which is currently not exporting but has the intent to export in the future. This segment requires guidance and support to provide the right business model, export global knowledge and awareness, product quality and features etc. before exporting. Export Ready: an SME which is currently not exporting but is ready to export. Such companies have the right features and attributes to grow their products and services globally but may not be aware of the means to do so. Export Bahrain helps the businesses seeking international market opportunities. Export Scale-ups: an SME which is currently exporting but is looking to scale up its presence in global markets. |

Source: Export Bahrain



| Export Bahrain | Key Sections | Description |
|-----------------------------------|--|---|
| Export Bahrain's Solutions | Export Financing | <ul style="list-style-type: none"> Designed to provide short-term financing for enterprises to capture international business opportunities and global growth In collaboration with partner banks, Export Bahrain offers export-financing for approved export deals and contracts at competitive rates / profit The financing covers the requirements of exporters and provides access to liquidity to cover operations costs of exporting The type of credit that are covered under this solution are: <ul style="list-style-type: none"> Asset-based financing Export letter of credits Working capital to cover pre-operating/pre-shipment between the time of the receipt of an export order and the time fulfilling the export deal Export Financing subsidizes: <ul style="list-style-type: none"> Up to 70% of the annual nominal profit rate capped at 9.5% 50% of admin fee Finance amount ranges from BHD 30,000 to BHD 1 Million with a one-year tenor subject to the bank's policy |
| | Export Credit Insurance | <ul style="list-style-type: none"> The first export credit guarantee channel to protect against losses arising from the default of payment of the buyer. The Export Credit Insurance is facilitated in partnership Export Credit Guarantee providers (starting with Arab Investment & Export Credit Guarantee Corporation "Dhaman") Exporting SMEs receives: <ul style="list-style-type: none"> 80% subsidy of the premium rate 90% reimbursement in the case of default 80% subsidy of the transaction fee |
| | Readiness Assessment Tool | An online tool for new exporters, designed to help Bahraini businesses determine whether their business is ready for exporting. The measures include: Company Commitment, Product/Service Knowledge, Export Market Knowledge and Finance Capabilities. |
| | Market Intelligence – 'Trade Map' | <p>The platform is accessible via Export Bahrain's website export.bh and provides Bahraini exporters with trade and market intelligence of over 220 countries and territories and 5,300 products in a relevant and efficient manner.</p> <ul style="list-style-type: none"> Export Bahrain's 'Trade Map' aims to support and grow local exports, encourage international exporting and ensure that Bahraini companies keep pace with the international market's products and services The Trade Map' platform aims to provide a comprehensive market data overview for exporters by providing monthly, quarterly and yearly trade statistics and figures, value of product units and competition in target markets amongst other features |
| | Export Cargo Solution | Export Cargo Discount provides SMEs in the Kingdom of Bahrain, exporting their goods of 100 kilograms or above, with special discount of up to 40% on their cargo exports. |
| | Export Workshops | <ul style="list-style-type: none"> Export workshops focus on providing regular workshops and consultations to share knowledge on the growth opportunities, business potentials and raise awareness of the critical exporting matters The process of applying is via Export Bahrain's website |
| | Export Training | <p>In collaboration with Tamkeen's Training support program, Export Bahrain has identified export-focused trainings to allow businesses to have the necessary knowledge and skills that may be required for any export-oriented businesses.</p> <p>Export training provides companies with 100% financial support to cover the cost of the training (for Bahraini employees)</p> |

Source: Export Bahrain



| Export Bahrain | Key Sections | Description |
|------------------------------------|------------------------------------|--|
| Other Contributing Features | Other contributing features | <p>Other elements that add to the value of the initiative are outlined below:</p> <ul style="list-style-type: none"> • Export Bahrain's team includes relationship managers who provide SMEs with the required guidance and advise throughout their application process, covering, but not limited to, the following: <ul style="list-style-type: none"> • Aid the client with the application process. • Accompanying the client to Export Bahrain's project partners. • Ensure that the client's objectives are met. • Ensure that clients are applying for the right projects that would fit their portfolio. <p>Export.bh Export.bh provides the following features:</p> <ul style="list-style-type: none"> • Online applications • Workshop Calendar & Registrations • Single application source to access export solutions • Latest News & Announcements feature • Access to market intelligence & trade information as the website has two trade information platforms within that highlights clients' export potential and rules and regulations of global. <p>Other solutions that Export Bahrain plans to carry out include:</p> <ul style="list-style-type: none"> • Export Accelerator Program: The program has been designed to equip SMEs with the necessary skills and capabilities required to scale up and push a firm's global business strategy. • Exhibition Support: Enable SMEs to showcase products and services in relevant and high potential export sectors. • Export Marketing and Promotion: Enabling SMEs to market for their products and services in their selected international markets • E-commerce Support Platform • Export Awards and Competitions |

Source: Export Bahrain



III. Appendix 4

Grants and Benefits offered by Tamkeen (Labour Fund) in Bahrain

| Tamkeen Programs | Description | Eligibility Criteria |
|----------------------------------|---|---|
| Training and Wage Support | <p>The Training & Wage Support Program is a co-financing program that provides financial support for enterprises wishing to hire, train and/or increase the salaries of their Bahraini employees. The financial support provided by the program is divided into the following three categories:</p> <ul style="list-style-type: none"> • Wage Subsidy Support • Wage Increment Support • Training Support <p>Wage Subsidy Support A wage subsidy support to newly recruited fresh graduates for a duration of 18 months. The following is a breakdown of the financial support provided during those 18 months:</p> <ul style="list-style-type: none"> • Financial Support of 50% of their salaries in the first 12 months • Financial support of 30% of their salaries for the next 6 months. • The maximum financial support provided by Tamkeen shall be USD1,325 (BHD500). <p>The Wage Subsidy Support shall start the month after the Employee Application approval. Tamkeen shall not accept any payment requests submitted for wages paid before the Employee Application approval date.</p> <p>Wage Increment Support Tamkeen provides a Wage Increment Support of USD53 to 663 (BHD20 –250) for a duration of 12 months. The financial support provided shall be capped based on the employee's salary at the time of application submission. The Wage Increment Support caps are as follows:</p> <p>Employee's Wage Increment Support USD2,650 (BHD1,000) & below 100% USD2,655 –USD5,300 (BHD1,001 –BHD2,000) 50% USD5,310 –USD7,958 (BHD2,001 –BHD3,000) 25%</p> <p>If an enterprise wishes to extend the wage increment support for an additional 12 months, the employee's salary must be increased again, and the new salary must be reflected in the national social insurance organization. Tamkeen shall then cover the cost of the old and new increment for the additional 12 months.</p> <p>Training Support Financial support for enterprises to train their Bahraini employees in the necessary work fields to build their knowledge and develop their skills. The financial support shall be set based on each course's price cap.</p> | <p>Overall Eligibility Criteria</p> <ul style="list-style-type: none"> • Any enterprise with an active commercial registration or license in Bahrain may apply to get support for their Bahraini employees. • Employee must be registered with the national social insurance organization. <p>Eligibility Criteria -Wage Subsidy Support</p> <ul style="list-style-type: none"> • Application is submitted within the first 6 months of the employee's joining date. • Employee must be 30 years old or younger when the application has been submitted. • Employees must meet or exceed the below minimum required salaries. <ul style="list-style-type: none"> o High School Graduates (or lower): USD796 (BHD300) o Diploma Holders: USD1,008 (BHD380) o Bachelor Holders: USD1,193 (BHD450) • Employee must have either 24 months or less of work experience registered with the national social insurance organization. <p>Eligibility Criteria -Wage Increment Support</p> <ul style="list-style-type: none"> • The employee's new salary must be updated with the national social insurance organization in the next consecutive window (January –mid-February) • The employee's new salary must meet or exceed the minimum required salaries detailed under the Wage Subsidy Support's eligibility criteria. • The increment should not exceed 40% of the employee's current salary. • The employee must not be over 58 years old at the time of application • The employee's wage increment should not be implemented or paid before receiving Tamkeen's approval. <p>Eligibility Criteria -Training Support</p> <ul style="list-style-type: none"> • Training course selected must be relevant to the employee's job role within the enterprise. • Training Provider must provide confirmation that the employee is enrolled in the selected course. |

Source: Tamkeen (Labour Fund), KPMG analysis



Grants and Benefits offered by Tamkeen (Labour Fund) in Bahrain

| Tamkeen Programs | Description | Eligibility Criteria |
|-----------------------------|---|---|
| Tamweel+ | <p>Tamkeen in collaboration with various banks provides companies with access to sharia-compliant financing ranging from USD2,659,000 to USD6,647,500 with an option of a repayment tenor of up to 10 years and a grace period, subject to the bank's policy.</p> <p>Tamkeensubsidizes 70% of the annual nominal profit rate (capped at an 8% reducing balance).</p> | Any company seeking to obtain financing may approach the banks Tamkeen has its collaboration with. A company must provide a feasibility study and the purpose of the financing must be for local or international expansion or diversification. |
| Tamweel | <p>Tamkeen in collaboration with various banks provides companies with access to sharia-compliant financing ranging from USD13,295 to USD1,329,500 with an option of a repayment tenor of up to 10 years and a grace period, subject to the bank's policy. Tamkeen subsidizes 50% of the annual nominal profit rate (capped at an 8% reducing balance).</p> | Any company seeking to obtain financing may approach the banks Tamkeen has its collaboration with. A company must provide a feasibility study and the purpose of the financing must be for local or international expansion or diversification. |
| Micro-Finance | <p>Tamkeen in collaboration with the Family Bank offer the Microfinance Program which enables companies to obtain microfinancing. The financing amount ranges from USD1,330 to USD26,590. Tamkeen subsidizes up to 87.5% of the profit rate. The repayment tenors range between 6 months to 36 months in this program.</p> | Any Bahraini national between the ages of 21 and 65 can apply for the program. |
| Riyadat Financing | <p>Riyadat Financing is a program that is specifically designed to support female owned Startups to help them develop and grow. Tamkeen, in collaboration with the Bahrain Development Bank, provides these companies with access to Sharia-compliant financing at a competitive profit rate, wherein Tamkeen subsidizes 60% of the annual nominal profit rate (capped at an 8% reducing balance).</p> <p>The finance amount ranges from USD13,295 to USD265,900 with an option of a repayment tenor of up to 10 years and a grace period, subject to the bank's policy.</p> | Any company that is owned and managed by a Bahraini woman with cumulative ownership of 50% or greater. |
| Business Development | <p>Depending on an enterprise size and requirements the following Business Development tracks are available:</p> <p>Sijili-For enterprises with Virtual Commercial Registration license from the Ministry of Industry, Commerce and Tourism</p> <p>5K -Large to small enterprises can apply to this more efficient track to receive a maximum grant of USD 13,265 (BHD 5,000)</p> <p>Start-Ups -For enterprises who have been in operations for upto 4 years</p> <p>SMEs -Designed for all enterprises who have been operating for more than 4 years</p> <p>To accommodate the flexibility required for Sijili, 5K and Start-Up tracks Tamkeen has introduced a new feature called the Add-On Request</p> | <p>All active enterprises registered and licensed in Bahrain.</p> <p>Any Enterprise in the process of registering for a Commercial Registration or a license may apply if they provide documentation from the authorizing body verifying that they are in process. Support approval shall be given when the final Commercial Registration Certificate or License to operate the enterprise has been obtained.</p> |

Source: Tamkeen (Labour Fund), KPMG analysis







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