

INVEST IN BAHRAIN

A DESTINATION FOR MANUFACTURING GROWTH

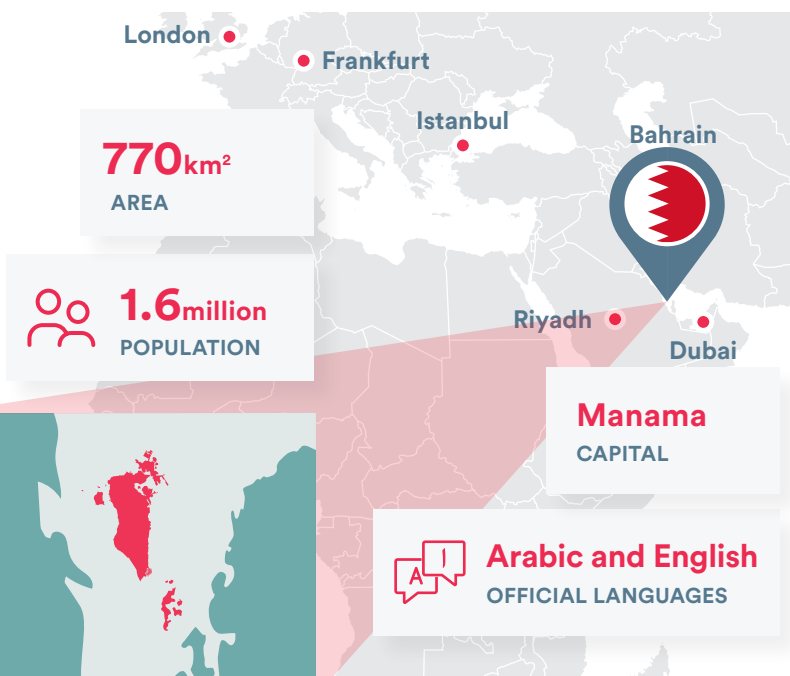
ECONOMIC DIVERSIFICATION & GROWTH

Bahrain was the first nation in the Gulf to shift away from an oil-reliant economy in the late 1960s guided by a strategic decision to focus on national economic growth and diversification to secure a more sustainable future. It has since achieved impressive strides – from 2003 to 2023, Bahrain's nominal GDP grew from USD 11 billion to USD 46 billion marking a CAGR growth rate of 7% – surpassing the global rate of 5%. By working towards developing and attracting investment into non-oil sectors – namely financial services, manufacturing, logistics, information and communication technology (ICT), and tourism – Bahrain also diversified. The financial services sector overtook oil as the highest contributor to real GDP, standing at 17.7% in Q3 2024.

Bahrain continues to heavily invest in the advancement of its infrastructure, prioritising digital transformation and the reskilling of its highly skilled local workforce to bridge the global gap in talent.

By harnessing a curated approach known as **#TeamBahrain**, which champions the private and public sectors working closely together to create an innovative environment for businesses to succeed, Bahrain has successfully fostered a business-friendly investment ecosystem, prioritising the development of a robust, digitally ready economy and consistently pioneering regulatory policies and legislative frameworks.

As a result, Bahrain continues to attract leading players from around the world seeking a value adding location to set up or expand. Bahrain's 2023 FDI stock relative to GDP is well above the global average rate at approximately 94.1% – a testament to the island nation's earned standing as a trusted destination of choice for regional and global investors.



A THRIVING BUSINESS-FRIENDLY ENVIRONMENT

Bahrain is home to a thriving business-friendly environment with progressive legislation and value-added benefits for investors, including:

- **0% corporate tax**
- **Customs duty exemptions** for manufacturing inputs
- **100% foreign ownership** in most sectors
- **Duty-free access** to over 25 countries
- **No free zone restrictions**
- **Lowest operational costs** in the region¹
- **Prime geographical location**
- A highly-skilled, **bi-lingual** talent pool
- **Tailored incentives**, programs and wage subsidies for the local workforce
- **World-class infrastructure**
- **#TeamBahrain** links investors with key decision-makers



Sources: **1** KPMG's Cost of Doing Business in the GCC Report - Manufacturing **2** AIRINC's Global 150 Cities Index 2023 **3** Heritage Foundation's Index of Economic Freedom 2024 **4** The Economist Impact and Meta's Inclusive Internet Index 2022 **5** The Institute for Management Development's World Competitiveness Ranking 2023

VISION & OPPORTUNITY FOR MANUFACTURING GROWTH

A GLOBAL MANUFACTURING HUB BUILT FOR THE FUTURE

Bahrain's manufacturing sector has been a success story for decades, contributing 13.6% to the island nation's real GDP in 2023. Impressively, manufacturing is now Bahrain's second-largest non-oil sector. Ongoing investment in world-class infrastructure and connectivity has seen Bahrain International Airport (BAH) add 24/7 customs, and a new air cargo village, which is expected to triple the air freight volume and double the sea freight volume – following the setup of Bahrain's Global Sea-to-Air hub. Central to the US \$2.12 trillion GCC market and strategically located, Bahrain offers unparalleled access to Eastern and Western markets thanks to duty-free access covering 25 countries that represent 32% of the world's GDP, and 13% lower manufacturing operating costs than neighbouring countries⁶.

Manufacturing companies can choose from state-of-the-art operational locations like the Bahrain International Investment Park and the Bahrain Investment Wharf – already home to Mondelez, BASF, Arla, and Reckitt Benckiser. Upcoming Industrial Zones include the US Trade Zone (USTZ), Aluminium Downstream Cluster, and Fasht Al Adham.

More specifically, the USTZ will become a hub for manufacturing and logistics activities and will offer US businesses advantages including exemptions from custom duties for imported raw materials, manufacturing, spare parts and construction machinery.

With no taxation on personal income, wealth, or capital gains, favorable regulatory policies on customs duties and foreign ownership, and a highly skilled talent pool, it's clear why more global manufacturing companies continue to choose Bahrain as their destination for investment year after year.

Bahrain offers value-added opportunities for foreign investment within the manufacturing sector as a whole, with specialised focus on the following business lines:

 Downstream Aluminum	 Renewable Energy
 FMCG	 Temp. Controlled Warehousing
 Primary Food	

Contact us

Whether you require support on key industry assessments, advisory on processes and requirements, or insight into where to establish a new global headquarters, the Bahrain Economic Development Board supports investors on their journey long after the first point of contact, nurturing long-term partnerships to ensure businesses remain successful. Get in touch to learn more about Bahrain's exceptional investment opportunities.



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GREEN MANUFACTURING

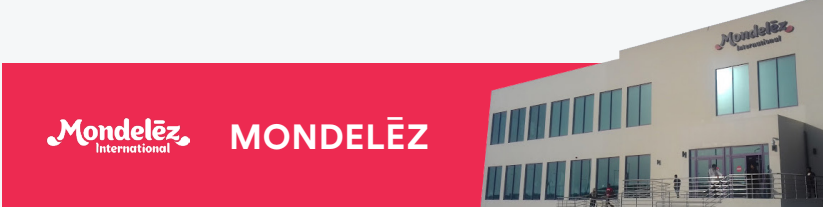
By 2035, Bahrain has pledged to reduce emissions by 30%, double the COP21 target for the use of renewable energy, and double its tree coverage (quadrupling overall mangrove coverage).

All targets are part of Bahrain's commitment to reach net-zero carbon by 2060 and Bahrain's drive for sustainability in manufacturing – evident in several current initiatives.

The government recently launched an initiative to encourage factories to embrace more sustainable, circular practices. Factories that meet key sustainability criteria are awarded the **Green Factory Seal**, enabling them to reach international markets at a lower cost thanks to special financing programs.

For example, Aluminium Bahrain (ALBA)'s Spent Pot Lining (SPL) Treatment Plant, the first of its kind in the region, transforms 35,000 tonnes of waste per year into recyclable products.

LOCAL SUCCESS STORIES WITH GLOBAL IMPACT



In 2018, Mondelēz inaugurated its US\$90 million 'Factory of the Future' in the Bahrain International Investment Park – one of its six largest global hubs.

The state-of-the-art manufacturing plant produces Oreo Cookies, Ritz Biscuits and Barni Soft Cakes for consumers in the Middle East and North Africa region and beyond. Bahrain's business-friendly environment, skilled local workforce and excellent transport links were key to the manufacturer's selection. More recently, Mondelēz has also integrated sustainable practices at the heart of its business operations by installing a solar plant to generate clean energy in line with its net emissions target.



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