



# Cost of Doing Business: Logistics



2019

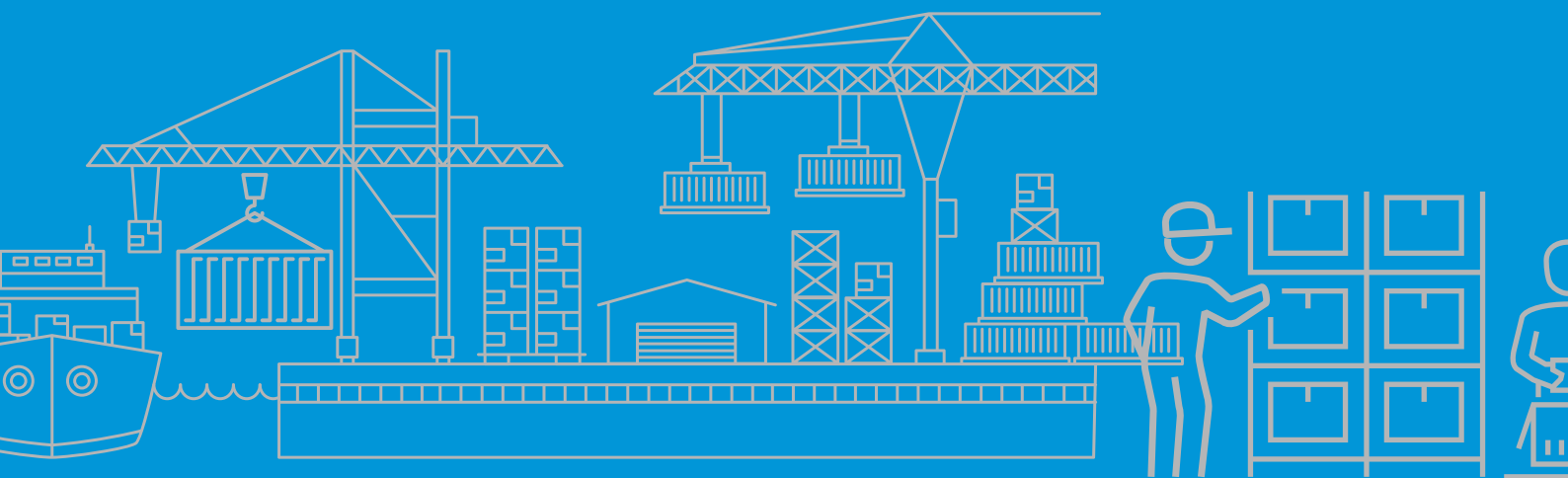
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## Glossary of frequently used terms

<b>BLZ</b>	Bahrain Logistics Zone
<b>DAFZA</b>	Dubai Airport Free Zone
<b>DEWA</b>	Dubai Electricity and Water Authority
<b>DIP</b>	Dubai Investments Park
<b>GAFTA</b>	Greater Arab Free Trade Area
<b>GCC</b>	Gulf Cooperation Council
<b>LMRA</b>	Labor Market Regulatory Authority
<b>JAFZA</b>	Jebel Ali Free Zone
<b>KAEC</b>	King Abdullah Economic City
<b>KIZAD</b>	Khalifa Industrial Zone
<b>SPFZ</b>	Sohar Port and Freezone
<b>USD</b>	United States Dollar
<b>UAE</b>	United Arab Emirates
<b>VAT</b>	Value-Added Tax



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# I. Executive Summary



“

Bahrain enjoys cost advantage of 37% to 43% in terms of annual operating cost for a logistics business when compared with select GCC countries

”

## Introduction

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

- **Bahrain:** Bahrain Logistics Zone (BLZ)
- **Saudi Arabia:** King Abdullah Economic City (KAEC), Jeddah
- **UAE:** Dubai Investments Park (DIP), Dubai; Jebel Ali Free Zone (JAFZA), Dubai; Dubai South, Dubai; Dubai Airport Free Zone (DAFZA), Dubai; Khalifa Industrial Zone (KIZAD), Abu Dhabi
- **Oman:** Sohar Port and Freezone (SPFZ), Sohar

The report analyzes the cost of business registration and licensing; land rentals; construction cost for warehouse units; renting cost for office and pre-built warehouse 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 logistics business in Bahrain is significantly lower (37 to 43 percent) than that of its select GCC peers.

With respect to the land leasing prices, Bahrain is significantly cheaper than the GCC average. Bahrain

is the most competitive in transport and logistics costs, as the cost in Bahrain is lower by 46 to 54 percent when compared to the GCC markets studied.

Bahrain has the lowest manpower cost in the GCC, with an estimated annual manpower salary cost 19 to 38 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 30 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; and whereas the water tariffs in Bahrain are the lowest, followed by Saudi Arabia and the UAE.

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.





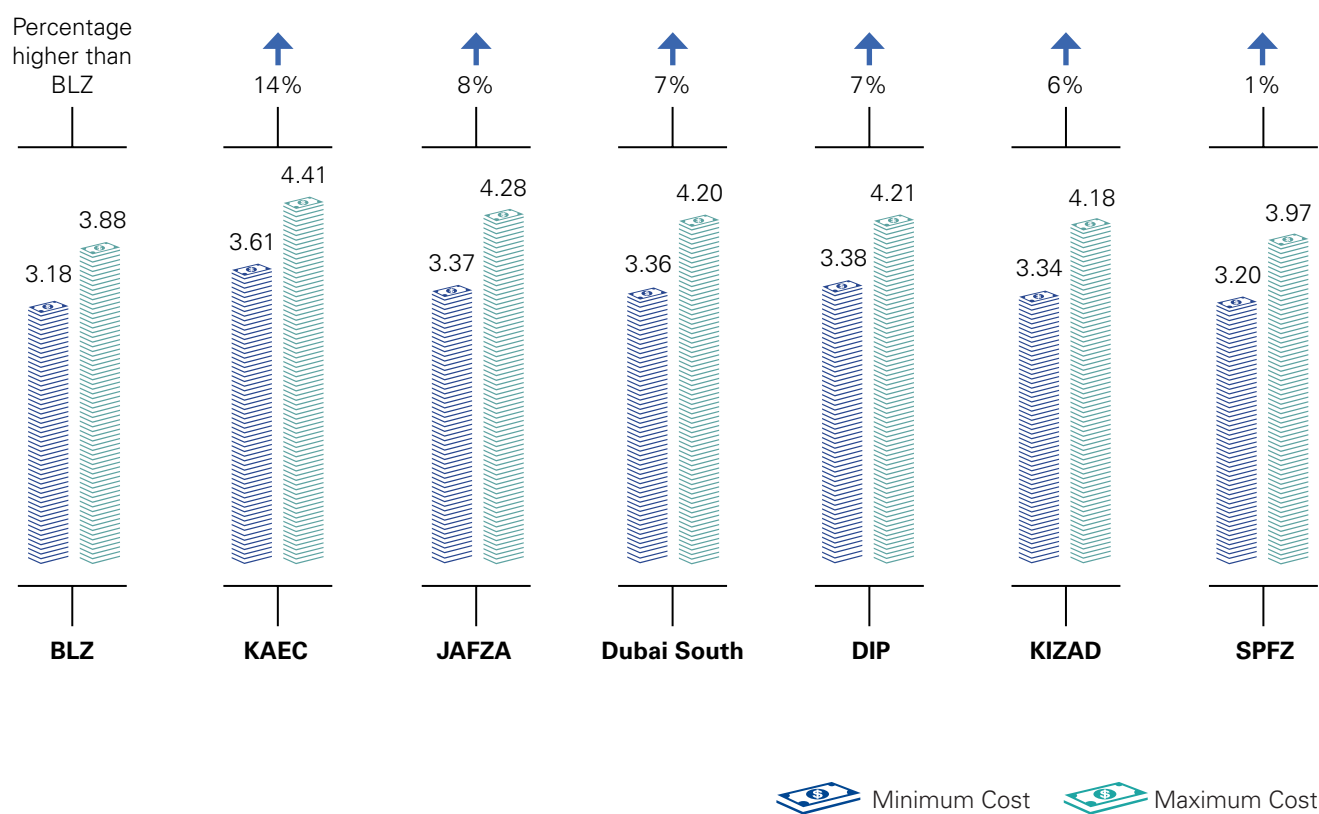
### Cost of Setting up a Logistics Business

Figure A below outlines the estimated overall cost of setting-up a logistics business across the benchmarked logistics 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: 8

Based on the parameters taken to arrive at the estimated business setup cost, BLZ emerges as the most competitive destination. The setup cost in Saudi Arabia and the UAE is around 6% to 14% higher than in Bahrain (refer to Chapter 2.10).

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



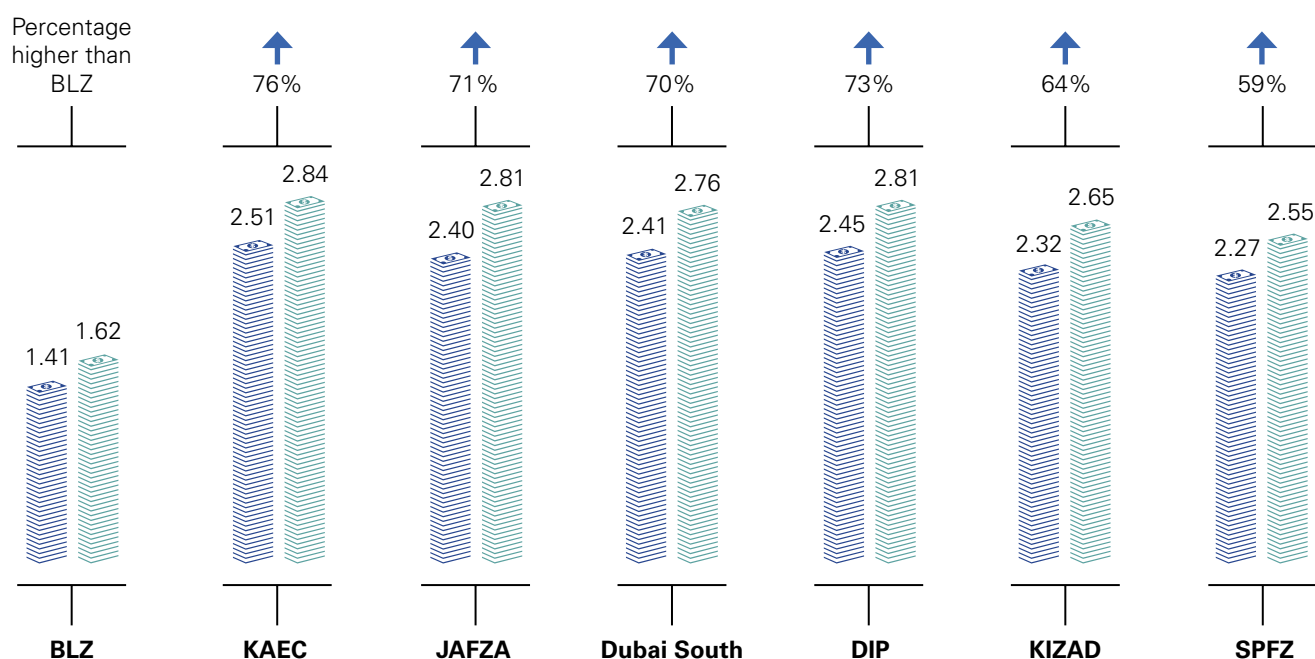
## Annual Cost of Operating a Logistics Business

Figure B below outlines the estimated overall annual cost of operating a logistics business across the benchmarked logistics 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: 51
- Annual cost of dependents visa, national ID and health insurance for a spouse and two children for eight management level staff
- Corporate tax\* on 49% foreign shareholding for a logistics company with a net profit of USD 410,000
- Transport and Logistics cost: by sea, import of thirty 40' FCL (full container load) per month; by air, import of two shipments per month each weighing 300 kgs; and by road, movement of thirty 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 goods from respective logistics parks are exported to Riyadh while goods from Saudi Arabia are exported to Dubai.

Based on the parameters taken to arrive at the estimated annual operating cost, BLZ emerges as the most competitive destination followed by SPFZ. Compared to BLZ, the annual operating cost at other logistics parks is around 59% to 76% higher. DAFZA has been excluded from the annual operating cost analysis as it does not offer land for lease (refer to Chapter 2.10).

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



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

 Minimum Cost  Maximum Cost





# 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 logistics parks. With the exception of BLZ and DIP, where an investor needs to register the business with the respective mainland government agency<sup>1</sup>, the remaining logistics 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.

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

Cost Type	BLZ	KAEC	JAFZA	Dubai South	DIP	DAFZA	KIZAD	SPFZ
<b>Application Fee</b> (one-time)	Nil	Nil	Nil	Nil	60	Nil	1,360	Nil
<b>Registration Fee</b> (one-time)	133	6,650	4,080	Nil	1,009 - 1,360	1,904	2,142	4,030
<b>Minimum Capital Requirement</b>	Nil	Nil	Capital sufficient for the business activity	81,600	Capital sufficient for the business activity	272	40,800	Nil

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

### Licensing

BLZ has the most competitive license renewal cost. The license renewal cost of USD266 for BLZ 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 BLZ and DIP, needs to be done through the respective government agencies.

Other annual fees include general administrative charges.

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

Cost Type	BLZ	KAEC	JAFZA	Dubai South	DIP	DAFZA	KIZAD	SPFZ
<b>License Renewal Fee</b> (USD/Year)	266	1,330	8,160	2,720	1,523 - 2,067	2,720	1,428	1,001
<b>Other Fee</b> (USD/Year)	Nil	Nil	Nil	571	680	474	Nil	Nil

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

<sup>1</sup>To setup business at BLZ the registration is made with the Ministry of Industry, Commerce and Tourism in Bahrain and for DIP with Department of Economic Development in Dubai



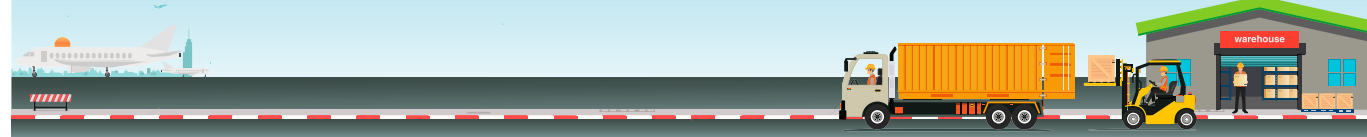
## 2.2 Land Rental and Construction

### Land Rental

All logistics parks except DAFZA provide land plots to build warehouse 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 logistics park, as well as the location of the land plot within the logistics park. DAFZA offers only pre-built warehouses.

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

Cost Type	BLZ <sup>2</sup>	KAEC <sup>2</sup>	JAFZA <sup>2</sup>	Dubai South <sup>2</sup>	DIP <sup>2</sup>	KIZAD <sup>2</sup>	SPFZ
<b>Land Rental</b> (USD/Sqm/Year)	9.6	4.6 - 5.6	10.9 - 27.2	10.9 - 12.6	13.7 - 14.8	8.2	8.0
<b>Service Charge</b> (USD)	1.4 per sqm/year	1.3 per sqm/year	2% of annual rent <sup>3</sup>	0.7 per sqm/year	0.9 per sqm/year	0.9 per sqm/year	Nil





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

### Construction

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

**Figure 4: Warehouse Construction Cost**  
Cost of Constructing Light Duty Warehouse<sup>4</sup> (USD)

Cost Type	BLZ	KAEC	JAFZA	Dubai South	DIP	KIZAD	SPFZ
<b>Light Duty Warehouse</b> (USD/Sqm)	545 - 660	600 - 715	560 - 685	560 - 685	560 - 685	560 - 685	545 - 670

Source: Survey of leading engineering consulting firms, KPMG analysis

<sup>2</sup> 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 levy it on service charge alone. VAT is not applicable on land rental and service charge in BLZ

<sup>3</sup> Service charge is levied as Public Health Levy and capped at USD2,720 per year. Additional 5% VAT is levied on service charge

<sup>4</sup> Warehouse construction cost is exclusive of 5% VAT for Bahrain, Saudi Arabia and the UAE





## Pre-built Warehouse Rental

Pre-built warehouse facilities are available across all the benchmarked logistics parks. KAEC, followed by BLZ and SPFZ, offer pre-built warehouse units at the most competitive rates. Pre-built units are most expensive at DAFZA and Dubai South.

**Figure 5: Pre-built Warehouse Rental**  
Cost of Leasing Pre-built Warehouse (USD)

Cost Type	BLZ	KAEC <sup>5</sup>	JAFZA <sup>5</sup>	Dubai South <sup>5</sup>	DIP <sup>5</sup>	DAFZA	KIZAD	SPFZ
<b>Pre-built Warehouse Rental</b> (USD/Sqm/ Year)	86 - 105	70	95 - 136	114 - 200	94 - 109	300	117	86 - 125
<b>Service Charge</b> (USD)	Nil	20% of annual rent <sup>6</sup>	2% of annual rent <sup>6</sup>	Nil	Nil	10% of annual rent	Nil	Nil

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

## Construction Permit

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

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

Cost Type	BLZ	KAEC	JAFZA	Dubai South	DIP	KIZAD <sup>7</sup>	SPFZ
<b>Construction Permit Fee</b> (USD)	0.9 per sqm of built-up area	280 + 0.4 per sqm of built-up area	0.9 per sqm of built-up area	0.3 per sqm of built-up area	0.9 per sqm of built-up area	Nil	1,300-2,600

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

<sup>5</sup> Pre-built industrial unit rental and service charge are inclusive of 5% VAT. Some jurisdictions in Saudi Arabia and the UAE apply VAT on both land rental and service charge while some levy it on service charge alone. VAT is not applicable on pre-built warehouse rental and service charge in BLZ

<sup>6</sup> Additional 5% VAT is levied on service charge

<sup>7</sup> The Abu Dhabi municipality has done away with the construction permit cost








## 2.3 Infrastructure Levy

An infrastructure levy is incurred in order to obtain electricity, water and sewage connection for a warehouse based at logistics parks. At some logistics 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 logistics 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 logistics 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

	 <b>Electricity Connection</b> (Load Capacity in kVA)		 <b>Water Connection</b> (Connection Size in mm)		 <b>Sewage Connection</b>	
	<b>Tariff (USD/kVA)</b>		<b>Tariff (USD)</b>		<b>Tariff (USD)</b>	
<b>BLZ</b>	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		
<b>KAEC</b>	1 – 30	16.8	Standard	837.9 + 14 per m <sup>3</sup>	Sewage connection	419 per km of land plot size
	31 – 60	26.5				
	61 – 90	41.9				
	91 – 120	46.1				
	121 – 152	48.9				
	> 152	7,429 + 69.8 per kVA				
<b>JAFZA and DIP</b>	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 sqm of land plot size
	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				
<b>Dubai South</b>	All capacity	Nil	Standard	Nil	Sewage connection	Nil
<b>KIZAD</b>	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				
<b>SPFZ</b>	All capacity	Nil	Standard	42 per sqm of built-up area	Sewage connection	Nil

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



## 2.4 Industrial Utilities

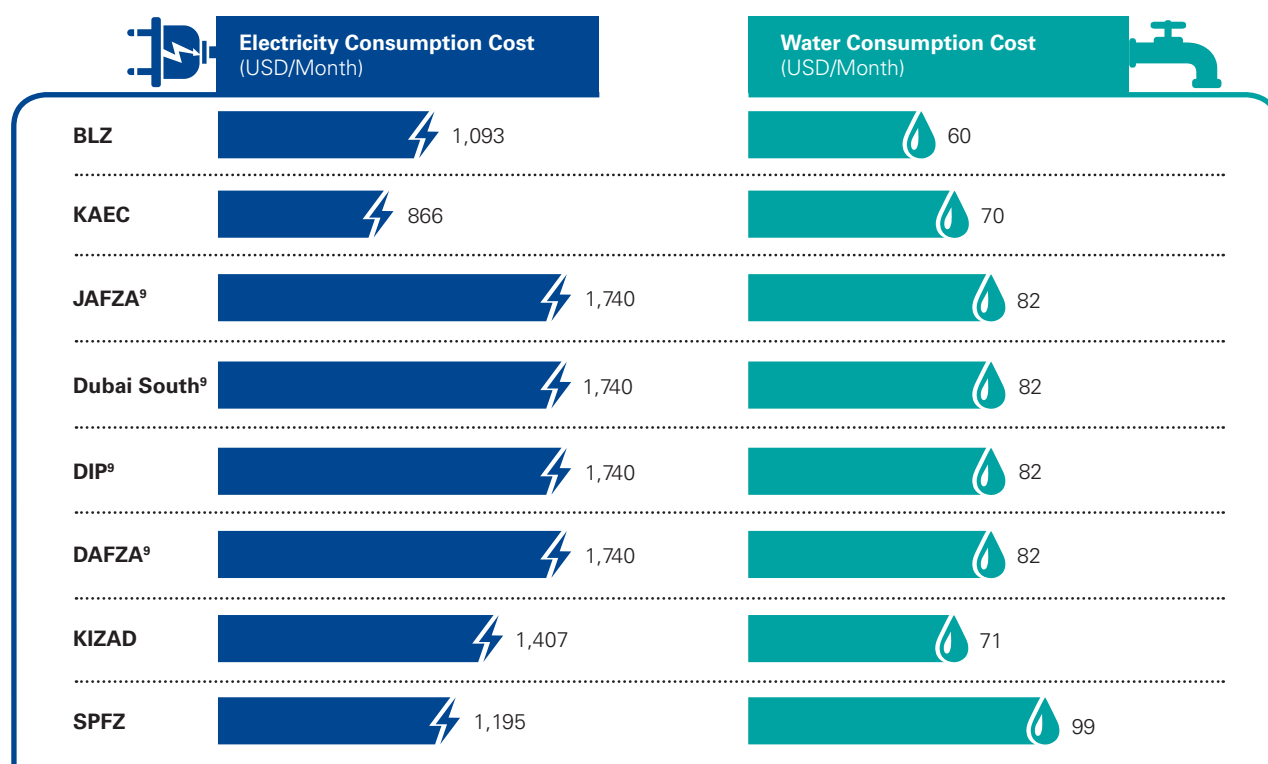
### Electricity and Water Cost

Electricity and water are key utilities in the logistics sector. Electricity and water tariffs 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 duty warehouse unit, the electricity cost incurred in Saudi Arabia is the lowest, followed by Bahrain and Oman. For water consumption, BLZ emerges as the most competitive, followed by Saudi Arabia. At an overall level, logistics parks in Dubai have the highest electricity and water tariff.

**Scenario:** For a typical light duty warehouse unit of 3,000 sqm built-up area consuming on average 5.47 kWh of electricity per sqm per month and 30 m<sup>3</sup> water per month.

**Figure 8: Estimated Monthly Electricity and Water Consumption Cost<sup>8</sup>**



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

<sup>8</sup> 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

<sup>9</sup> Electricity and water tariffs for logistics parks based in Dubai include surcharge as per DEWA (Dubai Electricity and Water Authority) as well as 5% VAT



## 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 electricity, followed by Oman and Bahrain; while BLZ offers the lowest rates for water. Businesses based in logistics parks across the UAE, face the highest electricity and water tariffs.

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

Utility	BLZ	KAEC	JAFZA <sup>11</sup>	Dubai South <sup>11</sup>	DIP <sup>11</sup>	DAFZA <sup>11</sup>	KIZAD	SPFZ
<b>Electricity<sup>10</sup></b> (USD/kWh)	0.04 - 0.08	0.05	0.08 - 0.13	0.08 - 0.13	0.08 - 0.13	0.08 - 0.13	0.08	0.04 - 0.07
<b>Water<sup>10</sup></b> (USD/m <sup>3</sup> )	1.99	2.24	2.57 - 3.27	2.57 - 3.27	2.57 - 3.27	2.57 - 3.27	2.24	3.31

Source: Respective electricity and water authorities, respective logistics 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 <sup>3</sup> )	Tariff (USD/m <sup>3</sup> )
<b>Bahrain<sup>10</sup></b>	0 – 5,000	0.04	Any quantity	1.99
	> 5,000	0.08		
<b>Saudi Arabia<sup>10</sup></b>	Depends on consumption (Tariff by slab is not available)	0.05	Any consumption	2.24



<sup>10</sup> 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

<sup>11</sup> Electricity and water tariffs for logistics parks based in Dubai include surcharge as per DEWA (Dubai Electricity and Water Authority) as well as 5% VAT





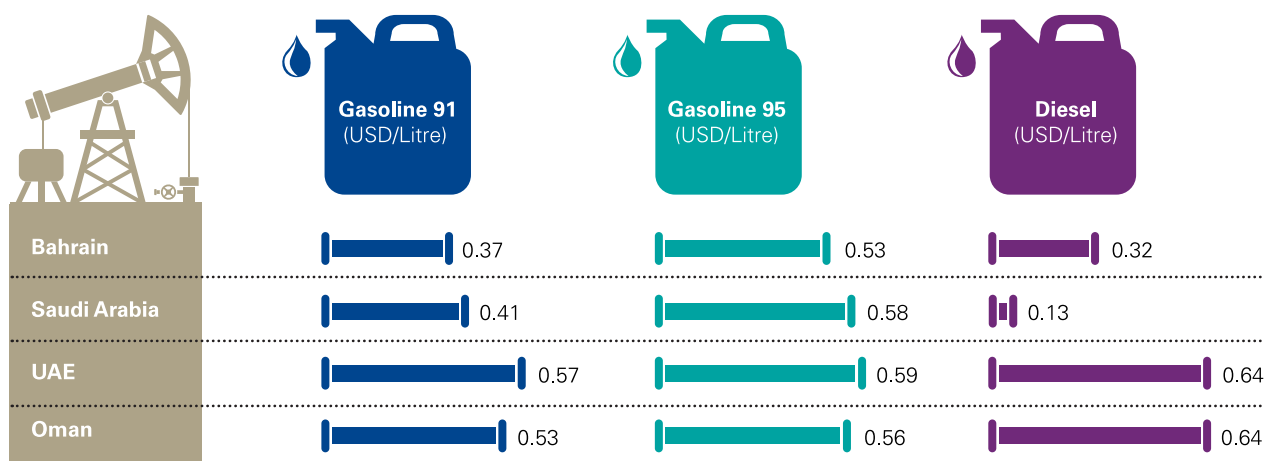
	Electricity Consumption (kWh)	Tariff (USD/kWh)	Water (m <sup>3</sup> )	Tariff (USD/m <sup>3</sup> )
Dubai <sup>12</sup>	0 – 10,000	0.08	0 – 45.46 (0 – 10,000 Imperial Gallon)	2.57
	>10,000	0.13	45.47 – 90.92 (10,001 – 20,000 Imperial Gallon)	2.89
			> 90.92 (> 20,000 Imperial Gallon)	3.27
Abu Dhabi <sup>13</sup>	Any consumption	0.08	Any consumption	2.24
Oman <sup>14</sup>	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 Prices<sup>15</sup>**  
Prices as of July 2019



Source: Secondary research, KPMG analysis

<sup>12</sup> Electricity and water tariffs for logistics parks based in Dubai include surcharge as per DEWA (Dubai Electricity and Water Authority) as well as 5% VAT

<sup>13</sup> The electricity and water tariffs for Abu Dhabi are inclusive of 5% VAT

<sup>14</sup> The electricity tariff has been calculated as a weighted average of seasonal tariffs for the first slab

<sup>15</sup> 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 Logistics Parks

All logistics parks offer standard office space for lease to businesses. The office space is available at specific office buildings located within the logistics parks.

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

**Figure 12: Office Rental<sup>16</sup>**  
Cost of Leasing Office Space at Benchmarked Logistics Parks (USD)

Cost Type	BLZ	KAEC <sup>17</sup>	JAFZA	Dubai South <sup>17</sup>	DIP <sup>17</sup>	DAFZA	KIZAD	SPFZ
<b>Office Rental</b> (USD/Sqm/ Year)	192	221	490 - 600	228 - 257	277	530	490	364
<b>Service Charge</b>	10% of rent	56 per sqm/ year	Nil	86 per sqm/ year	Nil	13% of rent	Nil	Nil
<b>Municipal Tax</b>	10% of rent	Nil	Nil	Nil	Nil	Nil	Nil	Nil
<b>Rent Deposit</b>	Nil	15% of first year rent	10% of first year rent	10% of first year rent	5% of first year rent	10% of first year rent	1,428	Nil

Source: Respective logistics 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 Rental<sup>17</sup>**  
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
<b>Office Rental</b> (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
<b>Service Charge</b>	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
<b>Municipal Tax</b>	10% of rent	10% of rent	10% of rent	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	5% of rent
<b>Rent Deposit</b>	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
<b>Agency Fee</b>	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

<sup>16</sup> For a standard office space available at logistics parks. Typical office size starting from 20 sqm

<sup>17</sup> 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<sup>18 19</sup>**  
Cost of Leasing Serviced Office at Select Locations (USD)

Cost Type	Manama, Bahrain	Dammam, Saudi Arabia	Riyadh, Saudi Arabia	Jeddah, Saudi Arabia	Dubai, UAE	Abu Dhabi, UAE	Muscat, Oman
<b>Rent</b> (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.

<sup>18</sup> Serviced office suitable to accommodate three individuals

<sup>19</sup> 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 logistics 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.



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	15-19 <sup>20</sup>
Operations Manager	40-51	72-93	59-76	44-58
Operations Coordinator	17-22	21-28	21-28	17-22
Logistics Manager	62-80	73-95	69-89	61-80
Logistics Officer	16-21	20-26	24-31	19-24
Machine Operator	9-12	11-15	12-16	10-13
Warehouse Incharge	33-43	37-48	35-45	31-40
Driver	5-7	11-15	14-18	10-12
Forklift Operator	10-13	15-19	11-15	10-13
Customs Clearance Manager	57-74	82-107	73-95	58-76
Customs Clearance agent	34-44	49-64	44-57	35-45
Maintenance Coordinator <sup>21</sup>	18-23	23-29	26-34	21-27
Sales Manager	44-58	57-74	49-63	48-63
Sales Executive	15-19	21-28	20-26	16-21
Finance Manager	50-65	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

<sup>20</sup> Benchmarked for Executive Secretary

<sup>21</sup> Benchmarked for Maintenance Supervisor





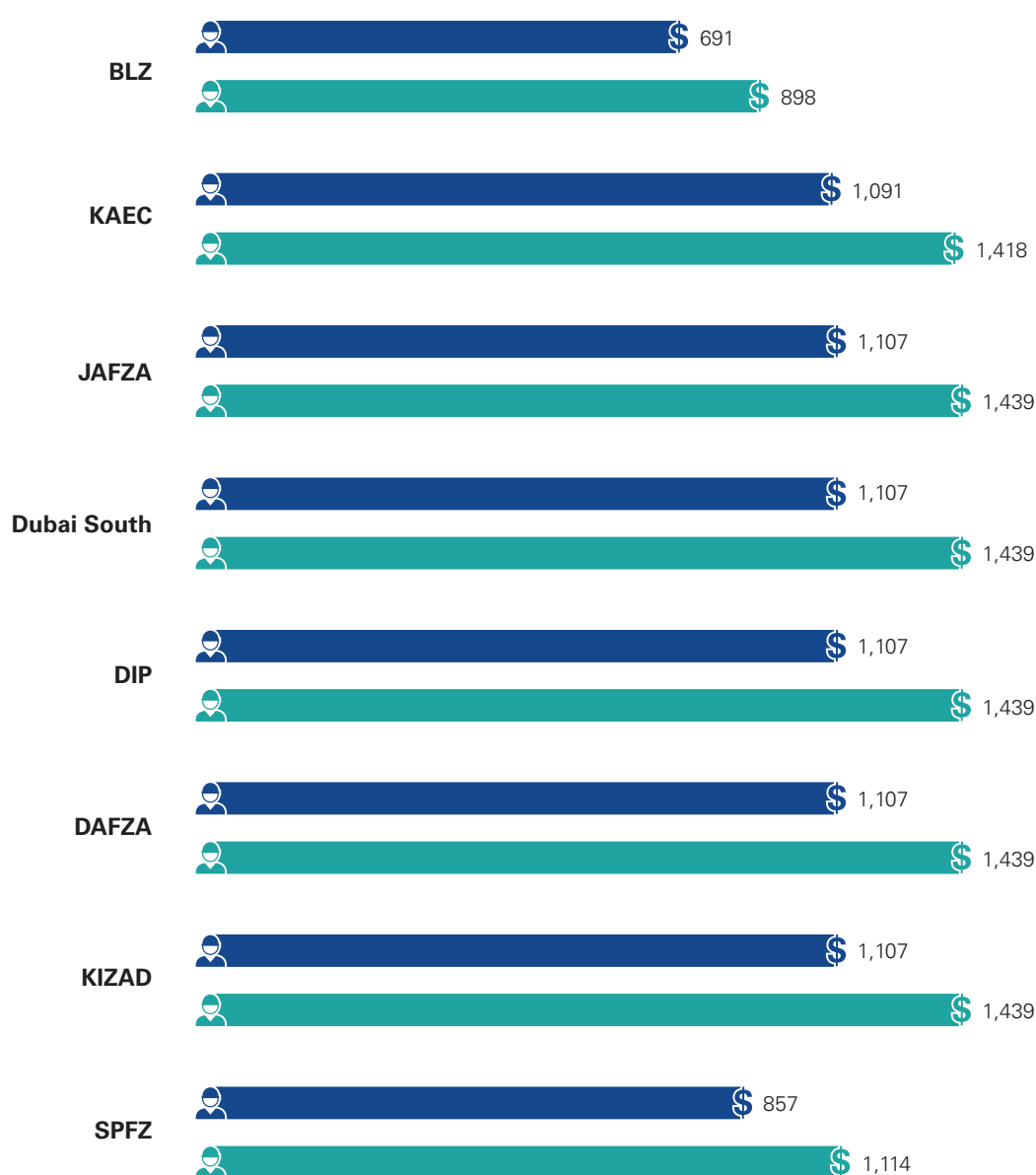
Estimates of annual manpower cost reveal Bahrain as the most competitive destination followed by Oman. Manpower cost in the UAE is on average 60% higher than in Bahrain. Cost of manpower is estimated to be the highest in Saudi Arabia.

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

**Scenario:** For a logistics company employing 51 staff consisting of 10 management and administrative staff and 41 semi-skilled workers.

**Figure 16: Total Annual Manpower Cost for a Logistics 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 logistics parks or in mainland city.

BLZ offers the most competitive rates for labor accommodation, costing around USD880 to USD1,040 per labor per year, followed by KIZAD in Abu Dhabi. DIP in Dubai is the most expensive for labor accommodation, costing around USD2,900 to USD3,260 per labor per year.

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

**Figure 17: Annual Cost of Labor Accommodation<sup>22</sup>**

Labor Accommodation (USD)	BLZ	KAEC	JAFZA	Dubai South	DIP	DAFZA	KIZAD	SPFZ
Is accommodation offered?	No	Yes	Yes	Yes	Yes	No	No	No
Is it mandatory to use zone accommodation?	N/A	No	Yes	No	No	N/A	N/A	N/A
Cost of accommodation (USD/Labor/Year)	877-1,037	2,379	1,632	2,227	2,913 - 3,256	N/A	1,306	2,555 - 3,066

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

<sup>22</sup> Includes cost of room rent and utilities only and excludes other costs such as food and laundry

## 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 DAFZA, JAFZA, Dubai South, and KIZAD 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 logistics 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.

For the year 2019, employers are required to pay a levy of USD1,600 per year (USD135 per month) for each foreign employee when the total count of foreign employees in the organization is equal to or less than the count of Saudi employees. The levy is USD1,920 per year (USD160 per month) when the count of foreign employees is more than the Saudi employees. This amount is required to be paid at the time of the visa application for the duration of the validity of the employment visa. For the year 2020 the levy shall increase to USD2,235 and USD2,555 per year respectively. Bahrain expat levy is USD320 per year per expatriate staff.

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

Cost Type	BLZ	KAEC	JAFZA	Dubai South	DIP	DAFZA	KIZAD	SPFZ
<b>Residency permit/ Work permit</b> (USD/Year) <sup>23</sup>	585	2,594-2,913	236	234	102	200	279	441
<b>Work permit renewal</b> (USD/Year)	585	2,594-2,913	168	161	59	152	118	441
<b>National ID</b> (USD/Year)	5	173	46	46	46	46	46	8
<b>National ID renewal</b> (USD/Year)	5	173	46	46	46	46	46	8
<b>Health Check</b> (USD)	53	53 - 80	87	87	87	87	68	78
<b>Medical Insurance</b> (USD/Year) <sup>24</sup>	191	1,064	177	177	177	177	163	910
<b>Work permit validity – renewal term</b>	1 to 2 Years	1 to 2 Years	3 Years	3 Years	3 Years	3 Years	3 Years	2 Years
<b>Estimated Annualized Visa, ID and Health Insurance cost</b> (USD/Year/Staff)	782	4,150	459	457	325	422	488	1,360
<b>Deposit for immigration</b> (USD/Employee)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

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

<sup>23</sup> 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 and Saudi Arabia the figures are inclusive of the expat levy. For Bahrain, this fee is applicable in case the business has six employees or more

<sup>24</sup> 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	BLZ	KAEC	JAFZA	Dubai South	DIP	DAFZA	KIZAD	SPFZ
<b>Dependent (spouse) visa cost</b>	239	1,490	95	95	95	95	113	53
<b>Dependents (child) visa cost</b>	239	1,490	95	95	95	95	89	53
<b>Dependents visa renewal cost</b>	239	1,490	51	51	51	51	89-113	53
<b>Estimated Annualized Visa, ID and Health Insurance cost (USD/Year/Dependent)</b>	436	2,726	318	318	318	318	323	972

Source: Respective government agencies, logistics 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 <sup>25</sup> - 532	68	52
Multiple Entry Visa	77	798	177	130

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

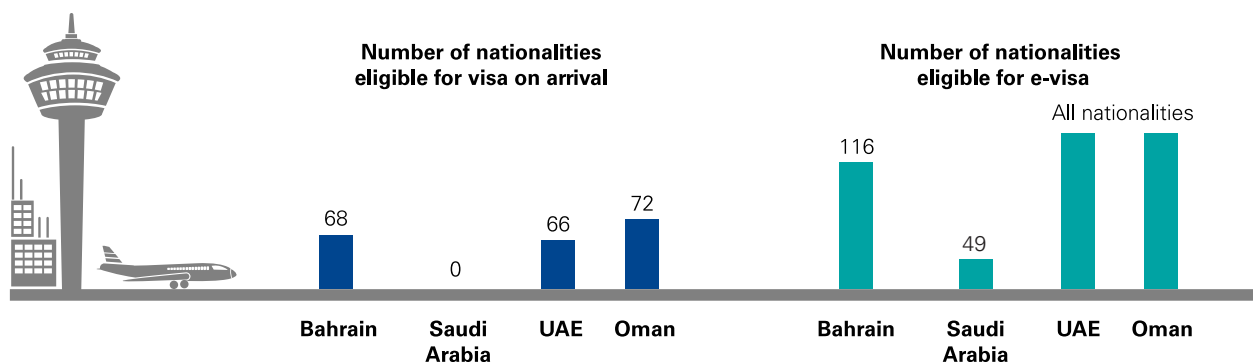
For Bahrain, the single entry visit visa cost consists of an application fee (USD11) and visa fee (USD13). Note that the application fee is applicable for e-visa only.

<sup>25</sup> 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.



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

## Localization Requirement

<b>BLZ</b>	<ul style="list-style-type: none"> <li>Logistics and warehousing businesses based at BLZ are subjected to the localization requirement as prescribed by the Labor Market Regulatory Authority (LMRA). The Bahrainization rate depends on the logistics activity. For instance, 25% is for the Storage and Warehousing activity. These businesses are required to have 25% of their workforce as Bahrainis.</li> </ul>
<b>KAEC</b>	<ul style="list-style-type: none"> <li>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).</li> </ul>
<b>JAFZA, Dubai South, DAFZA and KIZAD</b>	<ul style="list-style-type: none"> <li>Businesses based in designated free zones in the UAE are exempted from localization requirements.</li> </ul>
<b>DIP</b>	<p>Logistics and warehousing businesses based in mainland UAE are subjected to the following localization requirement:</p> <ul style="list-style-type: none"> <li>A company with a minimum 100 employees, must appoint an Emirati as a Public Relations officer</li> <li>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</li> <li>A company employing 1,000 or more employees, in addition to the above, must employ two UAE nationals in data entry positions</li> </ul>
<b>SPFZ</b>	<p>Businesses based at SPFZ are subjected to the following:</p> <ul style="list-style-type: none"> <li>15% for years 1 to 10;</li> <li>25% for years 11 to 15;</li> <li>35% for years 16 to 20; and</li> <li>50% for year 21 and onwards</li> </ul>

Source: Respective government agencies, logistics 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 logistics parks are exempted from localization requirements.

**Figure 21: Localization Requirement**

BLZ <sup>26</sup>	KAEC	JAFZA <sup>28</sup>	Dubai South <sup>28</sup>	DIP	DAFZA <sup>28</sup>	KIZAD <sup>28</sup>	SPFZ <sup>27</sup>
25%	Refer Figure 24 and 25	Nil	Nil	Yes (refer below)	Nil	Nil	15% to 50%

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

#### Localization Requirement at 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**

BLZ	KAEC	JAFZA	Dubai South	DIP	DAFZA	KIZAD	SPFZ
Nil	Refer Figure 26	Nil	Nil	<ul style="list-style-type: none"> <li>• Lower visa fee</li> <li>• No deposit required for employment visa</li> <li>• Ease in obtaining visas</li> </ul>	Nil	Nil	Corporate tax exemption for upto 25 years

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

**Figure 23: Penalties for not meeting Localization Requirement**

BLZ	KAEC	JAFZA	Dubai South	DIP	DAFZA	KIZAD	SPFZ
Higher visa cost for additional foreign staff	Refer Appendix 2	Nil	Nil	Not eligible for additional work permits	Nil	Nil	<ul style="list-style-type: none"> <li>• Subject to corporate tax</li> <li>• Not eligible for additional visas until Omanization criteria is met</li> </ul>

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

<sup>26</sup> Labor Market Regulatory Authority (LMRA) has prescribed 25% localization for "Warehousing and Storage" type of business

<sup>27</sup> 15% for first 10 years; 25% for following 5 years, 35% for following 5 years and 50% thereafter

<sup>28</sup> Businesses based in designated free zones in the UAE are exempted from localization requirements





## Saudization Levels, Incentives and Penalties by Band for Warehousing and Storage Business

**Figure 24: Saudization Requirement for Small and Medium-sized Enterprises (SMEs)<sup>29</sup>**

Size	No. of Employees	Red Band	Yellow Band	Low Green Band	Medium Green Band	High Green Band	Platinum Band
<b>Small B</b>	6 to 49	0% to 3%	4% to 9%	10% to 15%	16% to 22%	23% to 32%	33% to 100%
<b>Medium A</b>	50 to 99	0% to 4%	5% to 19%	20% to 28%	29% to 36%	37% to 43%	44% to 100%
<b>Medium B</b>	100 to 199	0% to 4%	5% to 19%	20% to 28%	29% to 36%	37% to 43%	44% to 100%
<b>Medium C</b>	200 to 499	0% to 4%	5% to 19%	20% to 28%	29% to 36%	37% to 43%	44% to 100%

Source: Secondary research, KPMG analysis

**Figure 25: Saudization Requirement for Large Companies<sup>29</sup>**

Size	No. of Employees	Red Band	Yellow Band	Low Green Band	Medium Green Band	High Green Band	Platinum Band
<b>Big</b>	500 to 2,999	0% to 4%	5% to 27%	28% to 38%	39% to 44%	45% to 50%	51% to 100%
<b>Giant</b>	3,000 and above	0% to 4%	5% to 27%	28% to 38%	39% to 44%	45% to 50%	51% 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"> <li>Can renew existing work visas</li> <li>Can apply for new work visas every two months</li> <li>Entitled to one new visa for every two foreign workers leaving the country on a final exit visa</li> <li>Entitled to 'open profession visas'</li> <li>Can hire foreign workers from Red firms without the consent of their current employers</li> <li>Entitled to a six-month grace period for the submission of the Certificate of Zakat and Income Tax</li> <li>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</li> </ul>	<ul style="list-style-type: none"> <li>Entitled to unrestricted approval of new visas</li> <li>Entitled to one new visa for every two foreign employees</li> <li>Able to renew existing visas for any employee within three months of their expiration</li> <li>Entitled to open profession visas</li> <li>Can hire foreign workers from Red firms without the consent of their current employers</li> <li>Entitled to a six-month grace period for the submission of the Certificate of Zakat and Income Tax</li> <li>Entitled to a one year grace period in the renewal of their expired professional license, commercial registration, and all MLSD documents</li> </ul>

Source: Secondary research, KPMG analysis

<sup>29</sup> 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 Logistics Parks

Figure 27 below highlights some select taxes and fees applicable at the benchmarked logistics parks. Corporate tax for businesses based at SPFZ is nil for the first 25 years provided the prescribed Omanization level<sup>30</sup> 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. Also across the GCC sale of goods between businesses based in VAT-exempted zones shall not be subject to VAT.

Some logistics 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 goods from a supplier).

**Figure 27: Taxes and Fees across Logistics Parks**

Select Taxes and Fees across Logistics Parks

Taxes and Fee Type	BLZ	KAEC	JAFZA	Dubai South	DIP	DAFZA	KIZAD	SPFZ
<b>Corporate Tax</b>	Nil	No tax on companies owned by GCC nationals. 20% tax on profits under foreign shareholding	Nil	Nil	Nil	Nil	Nil	0% or 15% (subject to conditions)
<b>VAT</b>	5%	5%	Nil	Nil	5%	Nil	Nil	Nil
<b>Logistics Park entry pass fee</b> (USD/Vehicle/Year)	Nil	Nil	43	98	Nil	8-11	27	Nil
<b>Deposit for moving goods between free zones/custom bonded areas</b>	Nil	Equivalent to the duty available on the product	5% of the value of goods	5% of the value of goods	Nil	5% of the value of goods	5% of the value of goods	5% of the value of goods

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

<sup>30</sup> 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

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 taxpayers 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
<b>Corporate Income Tax</b>	Nil	No tax on companies owned by GCC nationals. 20% tax on profits under foreign shareholding.	Nil	15%
<b>Municipal Tax</b>	10% of commercial and residential rent for expatriates	Nil	5% of the specified rental index	3% on property rents
<b>Withholding Tax</b>	Nil	5%, 15% or 20% on the foreign shareholding component	Nil	Nil
<b>VAT</b>	5%	5%	5%	Nil
<b>Other Taxes and Fees</b>	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"> <li>Knowledge Fee: 2.72 USD</li> <li>Innovation Fee: 2.72 USD per government transaction above 13.6 USD</li> </ul>	Nil
<b>Social Security Contribution for National staff</b>	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%
<b>Social Security Contribution for Expatriate staff</b>	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 Logistics Parks

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

**Figure 29: List of Key Incentives**

List of Key Incentives

Incentive Type	BLZ	KAEC	JAFZA	Dubai South	DIP <sup>31</sup>	DAFZA	KIZAD	SPFZ <sup>32</sup>
Exemption from Corporate Tax	✓	✗	✓	✓	✓	✓	✓	✓
100% Foreign Ownership	✓	✓	✓	✓	✓	✓	✓	✓
100% Repatriation of Capital/ Profits	✓	✓	✓	✓	✓	✓	✓	✓

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



<sup>31</sup> For mainland UAE 100% foreign ownership is allowed for select logistics activities

<sup>32</sup> 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 logistics 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 Charges<sup>33</sup>**

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

To / From	BLZ	KAEC	JAFZA	Dubai South	DIP	KIZAD	SPFZ
Dammam	577-630	684-698	1,100-1,394	1,100-1,394	1,100-1,394	1,054-1,208	1,911-2,132
Riyadh	777-923	503-531	1,128-1,422	1,128-1,422	1,128-1,422	1,100-1,210	1,963-2,171
Jeddah	1,056-1,215	223-251	1,385-1,679	1,385-1,679	1,385-1,679	1,384-1,514	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 logistics jurisdictions to Dammam, Riyadh and Jeddah in Saudi Arabia.

**Figure 31: Road Freight Charges<sup>33</sup>**

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

To / From	BLZ	KAEC	JAFZA	Dubai South	DIP	KIZAD	SPFZ
Dammam	630-657	698-810	1,399-1,520	1,399-1,520	1,399-1,520	1,171-1,354	2,184-2,532
Riyadh	910-950	517-531	1,428-1,548	1,428-1,548	1,428-1,548	1,350-1,537	2,301-2,581
Jeddah	1,215-1,242	223-307	1,682-1,794	1,682-1,794	1,682-1,794	1,628-1,754	2,613-3,117



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

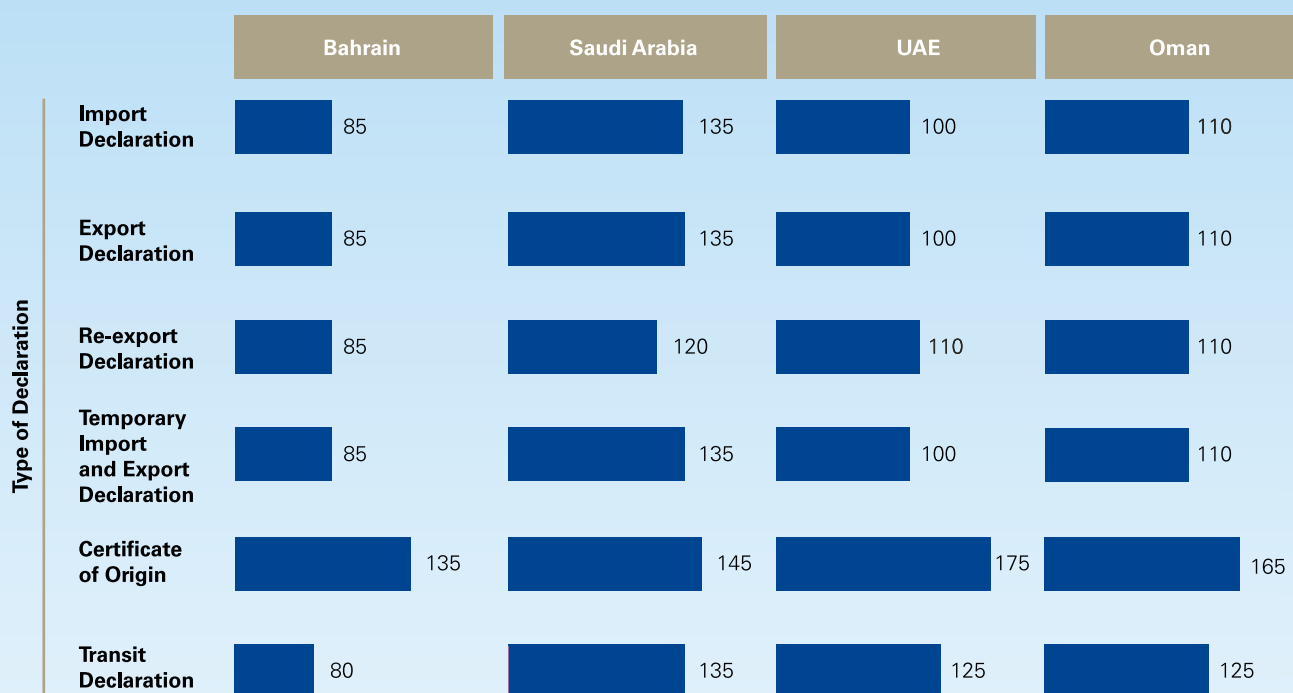
<sup>33</sup> The door-to-door charges include road transport charges, customs clearance cost, border charges, transit clearance and other related cost



**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)



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 19)	3.3 (Day 8 to 14)
	5.8 (Day 22 to 31)					3.1 (Day 11 to 20)	41.6 (Day 20 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 19)	6.5 (Day 8 to 14)
	11.7 (Day 22 to 31)					3.1 (Day 11 to 20)	83.2 (Day 20 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
<b>Free Time</b> (Days)	11 days	5 days	5 days	10 days	20 days	5 days	10 days	7 days
<b>20-foot Container</b> (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)		
<b>Free Time</b> (Days)	11 days	5 days	5 days	10 days	20 days	5 days	10 days	7 days
<b>40-foot Container</b> (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
<b>Free Time</b> (Days)	5 days	10 days	10 days	5 days	5 days	5 days	5 days	6 days
<b>20-foot Container</b> (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)
<b>Free Time</b> (Days)	5 days	10 days	10 days	5 days	5 days	5 days	5 days	6 days
<b>40-foot Container</b> (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)

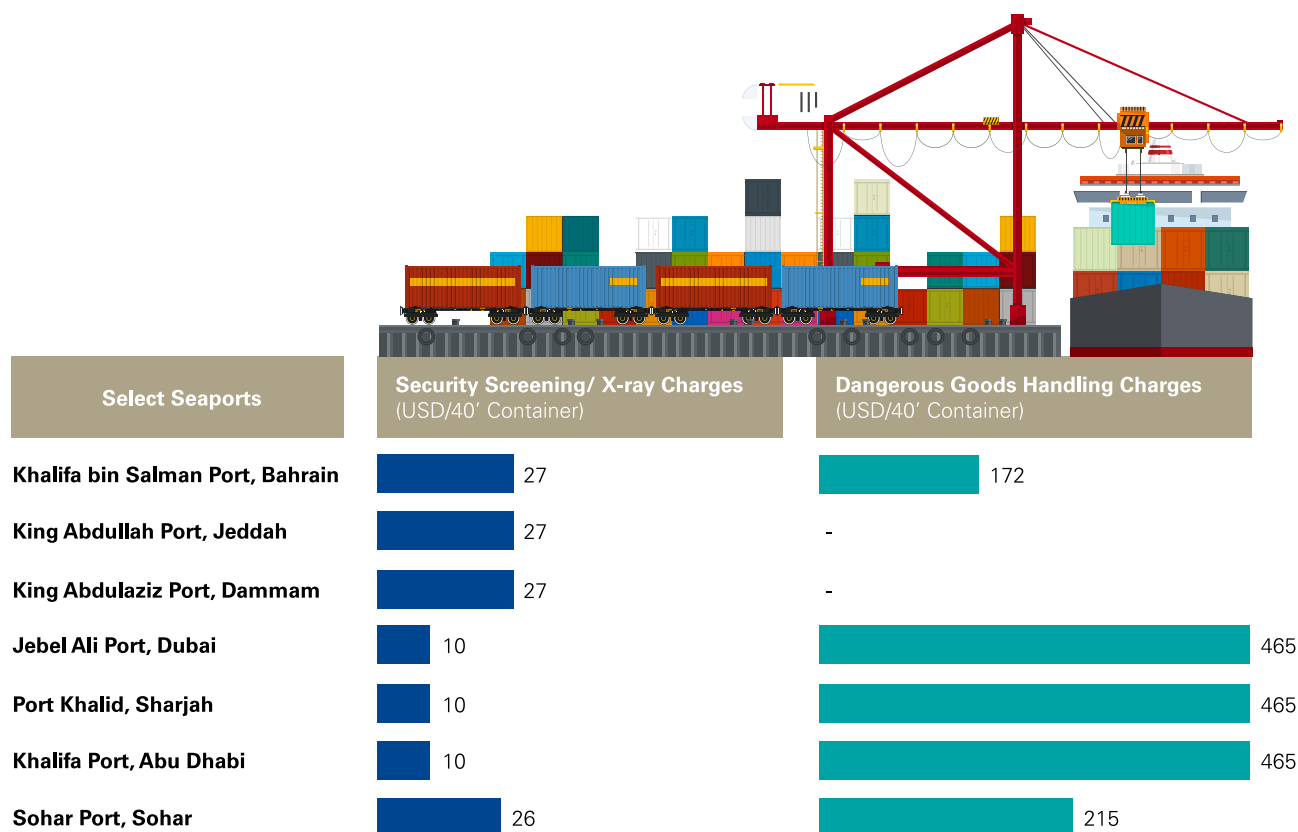
Source: Survey of regional/international sea freight companies, KPMG analysis





**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
<b>Container Deposit Charges (USD/Container)</b>	Nil	798	798	Nil	Nil	Nil	Nil

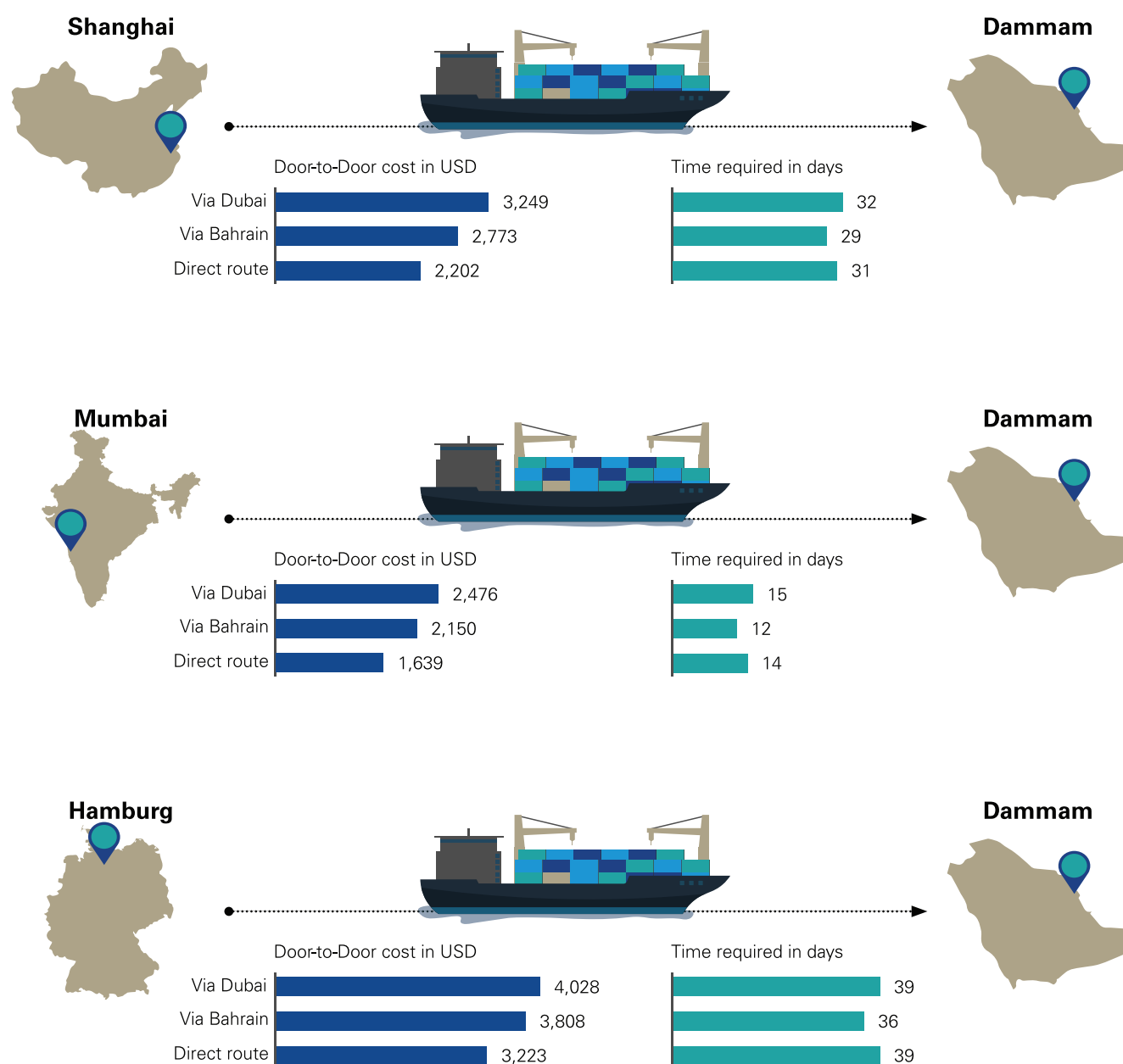
Source: Survey of regional/international sea freight companies, KPMG analysis



## 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**

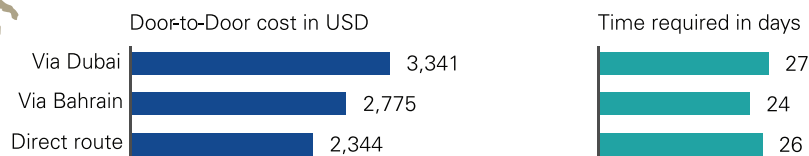




**Venice**



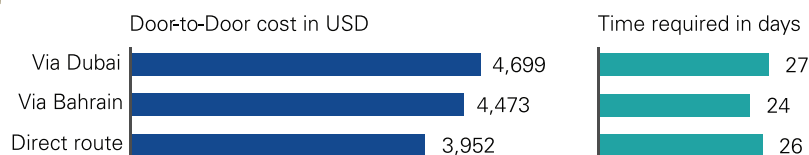
**Dammam**



**Los Angeles**



**Dammam**



**Alexandria**



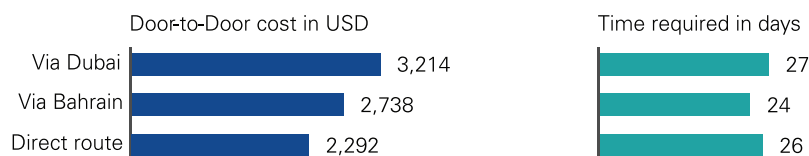
**Dammam**



**Istanbul**



**Dammam**

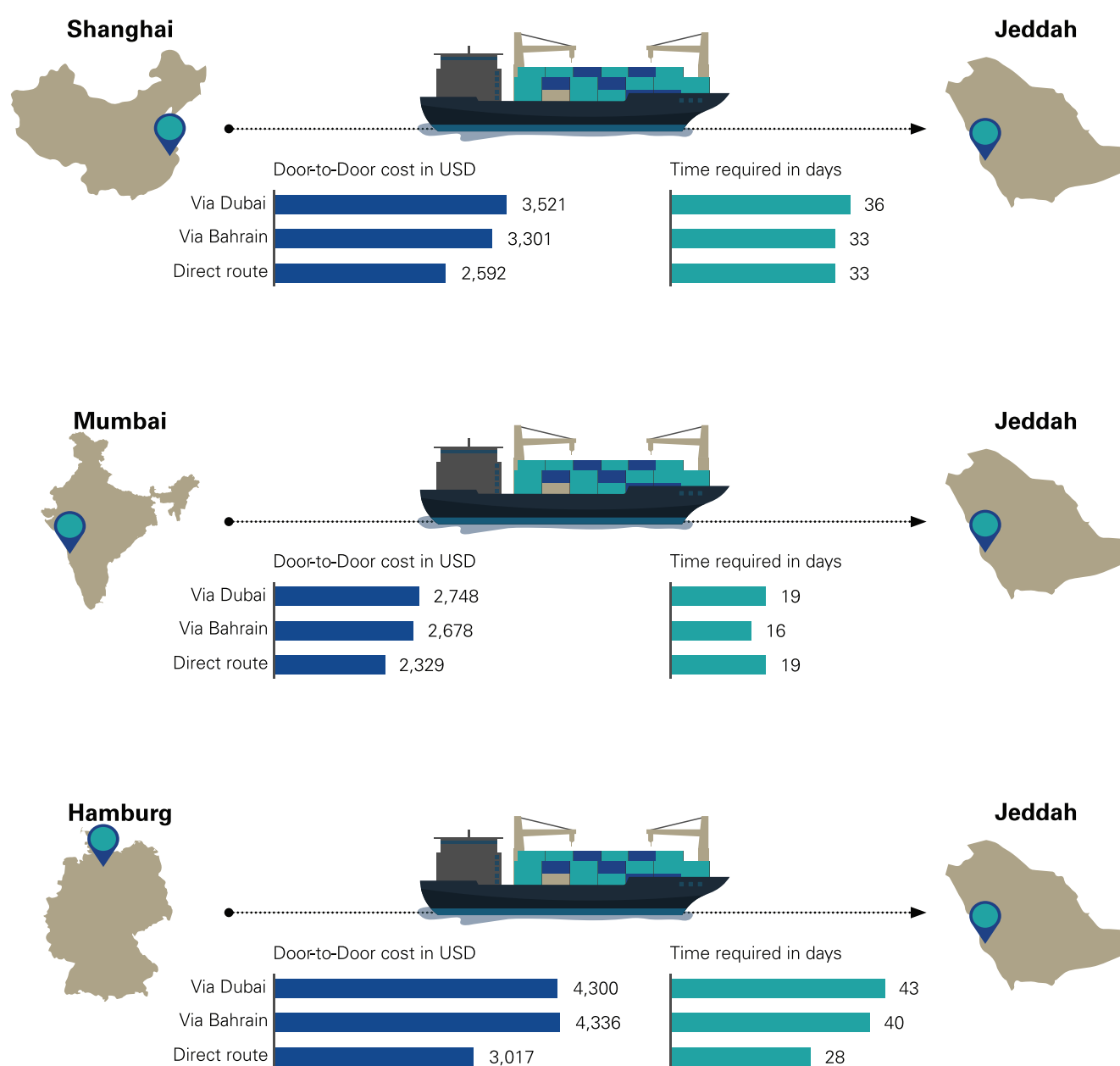


Source: Survey of regional/international road and sea freight companies, KPMG analysis

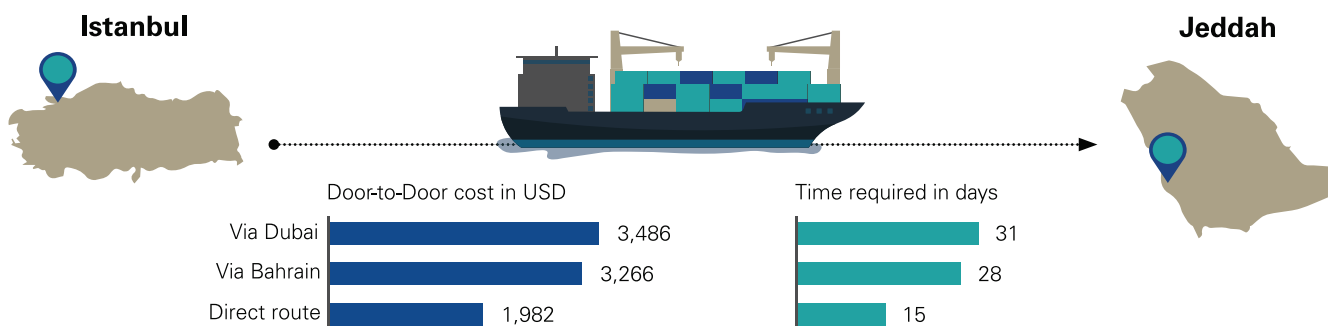
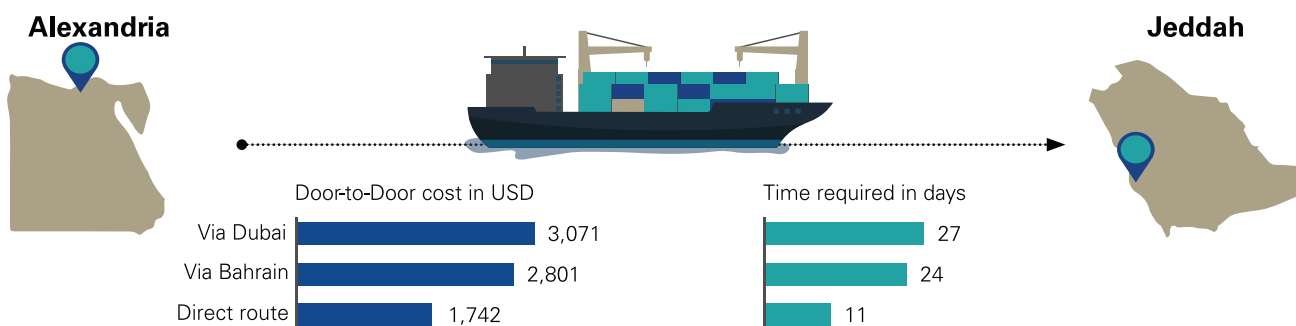
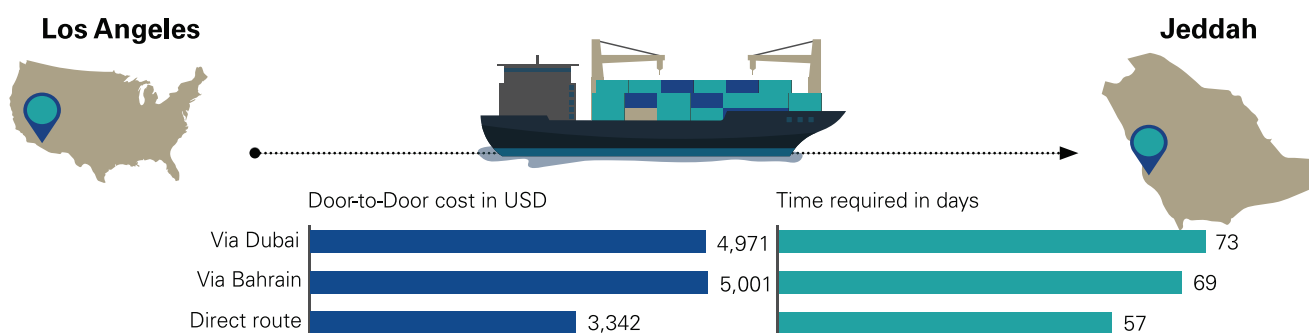
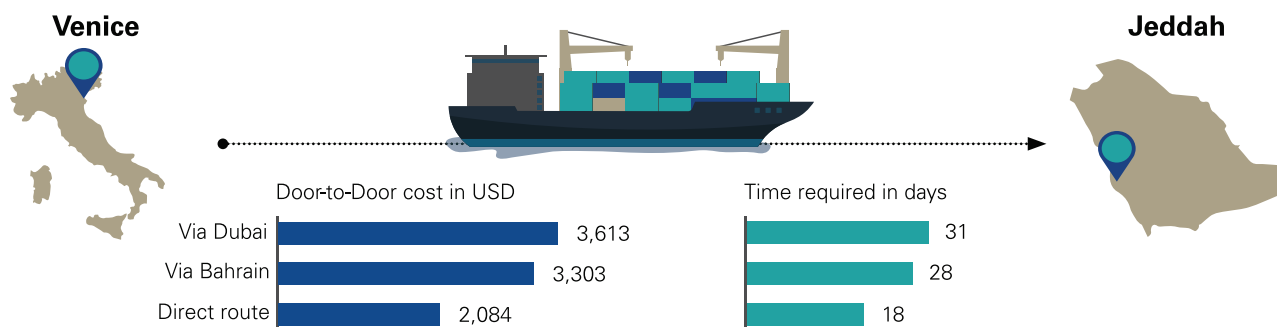


Importing shipments by sea into Jeddah via Bahrain route is around 3-9% cheaper than via Dubai and takes on an average 3-4 fewer days to get the goods delivered. However, it is more competitive to get the goods delivered directly into Jeddah.

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





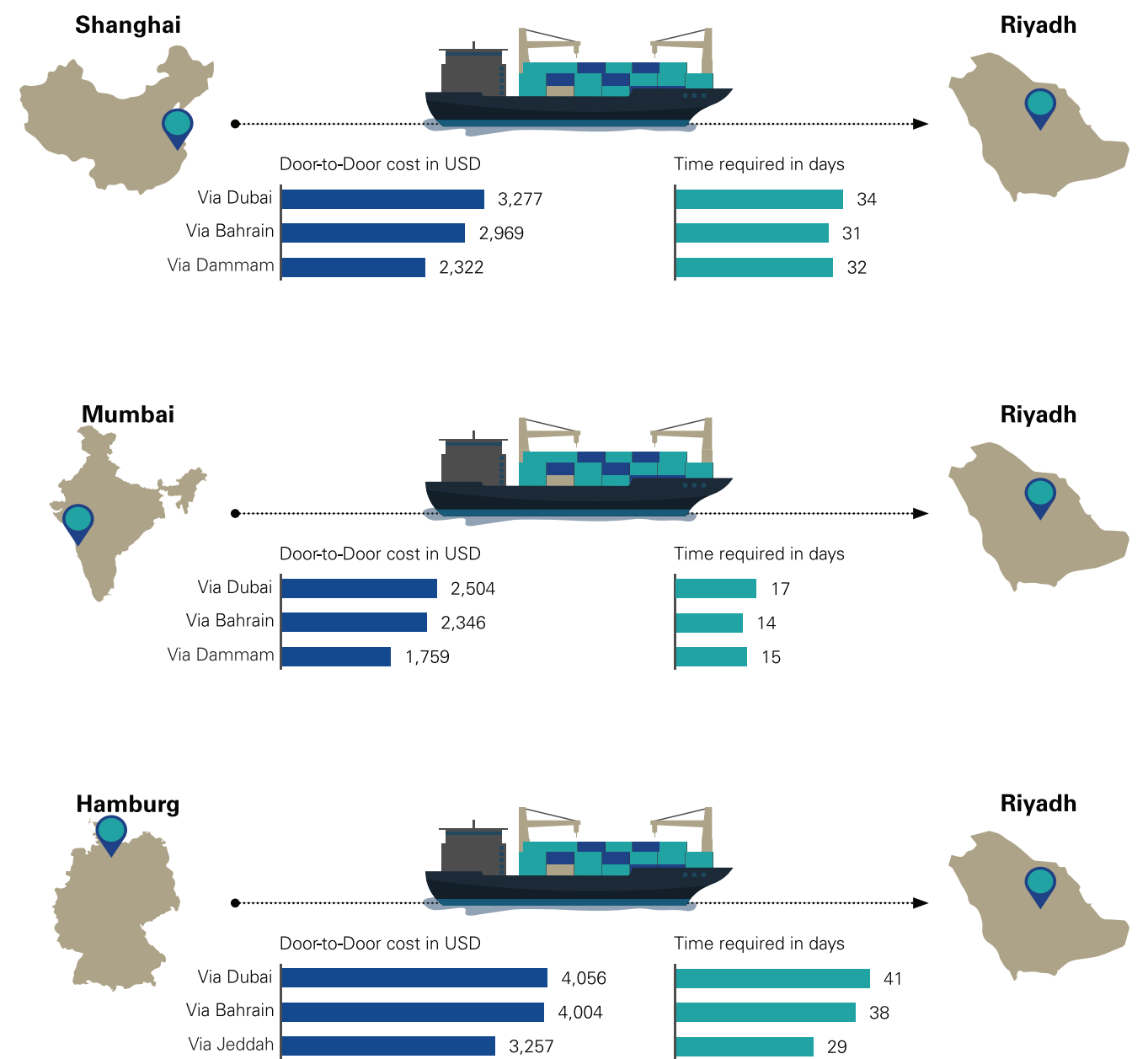


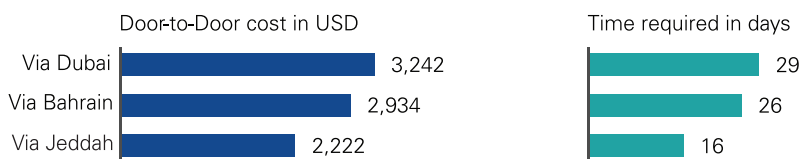
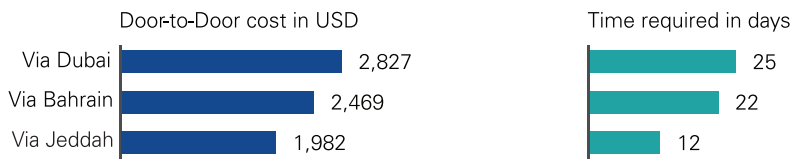
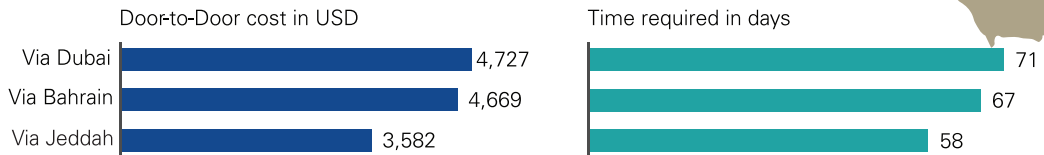
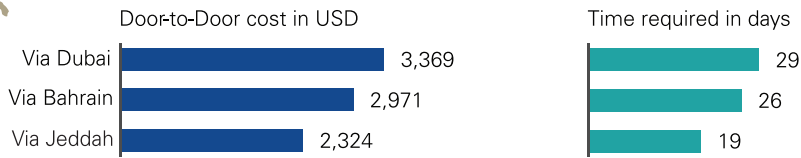
Source: Survey of regional/international road and sea freight companies, KPMG analysis



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





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
<b>Airport Cargo Handling Charges</b> (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)
<b>Airport Total Throughput Cost</b> (USD/300kg shipment)	120	110	110	110	150	150	150	150	150	135

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

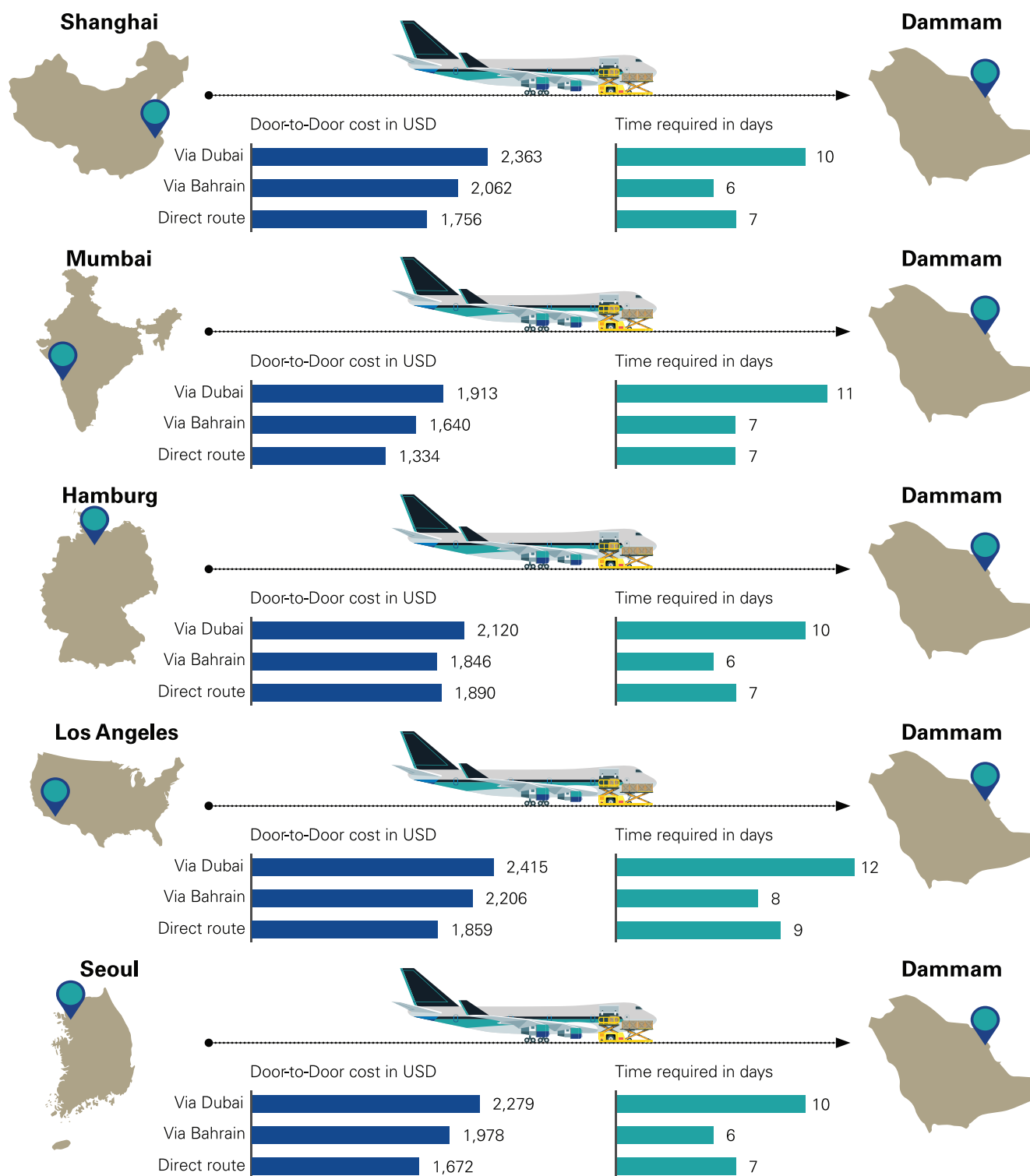




## Air Freight Costs

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**

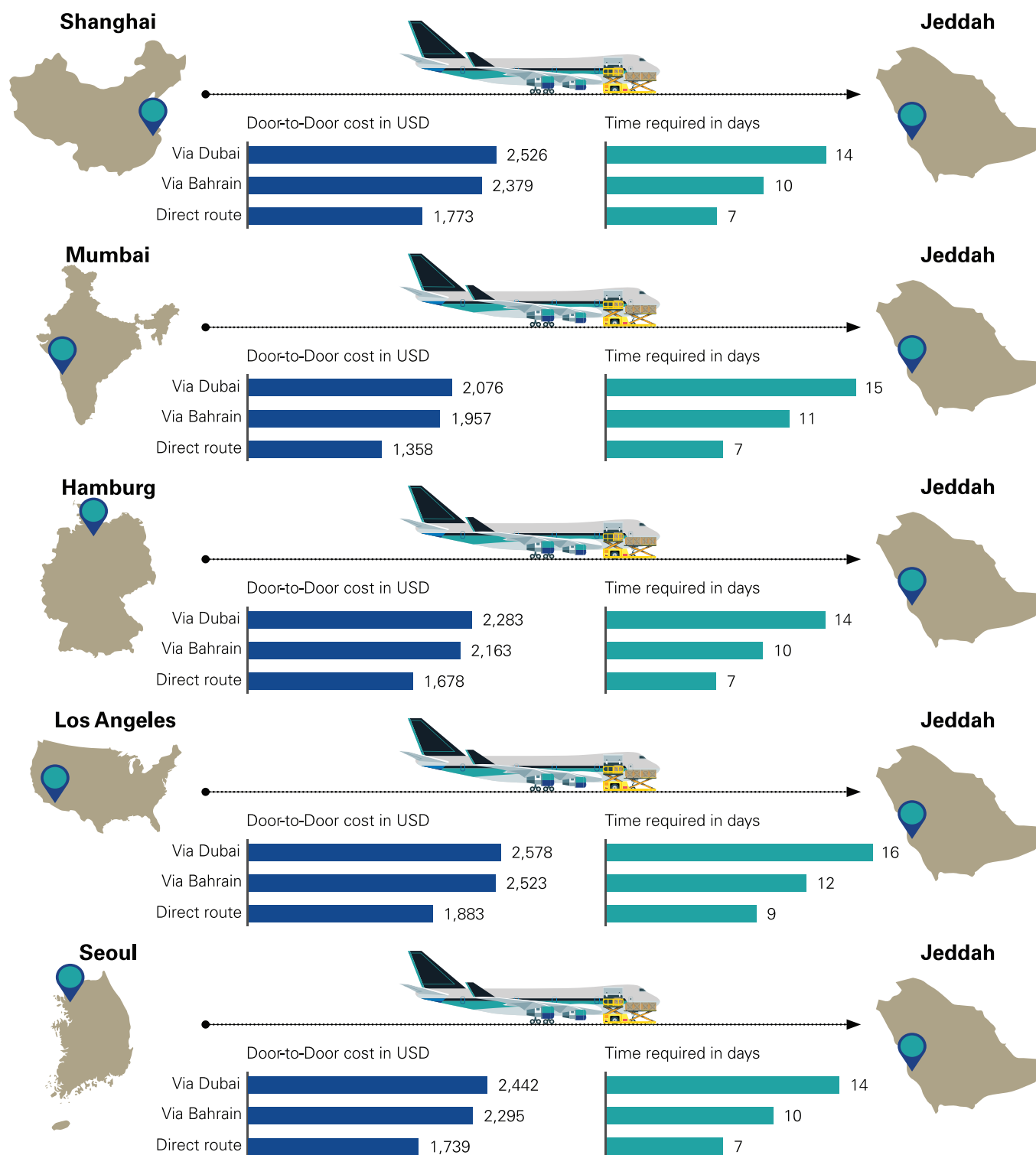


Source: Survey of regional/international road and air freight companies, KPMG analysis



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**

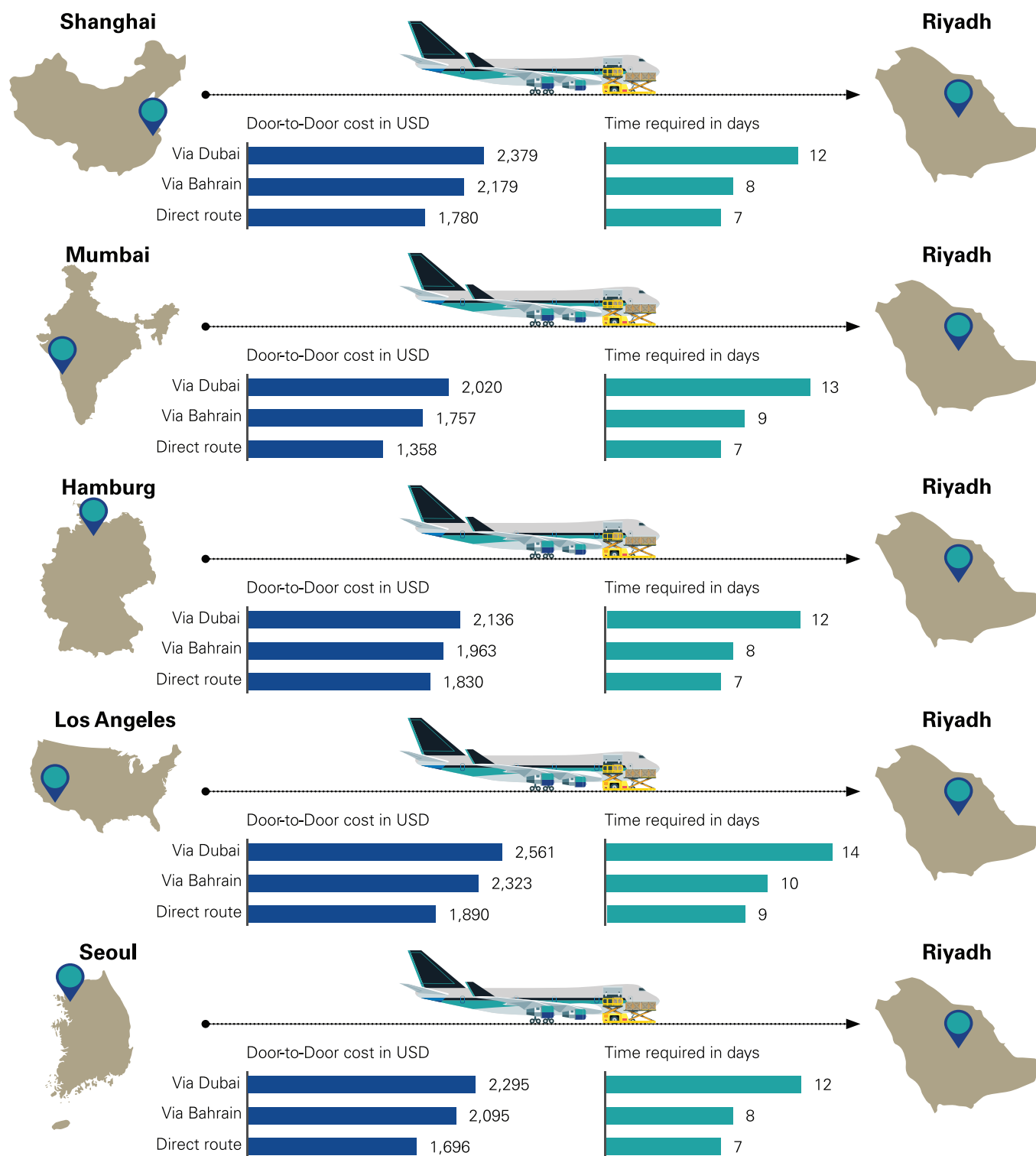


Source: Survey of regional/international road and air freight companies, KPMG analysis



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 Logistics Business







Figure 46 below outlines the estimated overall cost of setting-up a logistics business across the benchmarked logistics 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: 8

Based on the parameters taken to arrive at the estimated business setup cost, BLZ emerges as the most competitive destination. The setup cost in Saudi Arabia and the UAE is around 6% to 14% higher than in Bahrain. DAFZA has been excluded from Figure 46 as it does not offer land for lease.

**Figure 46: Cost of Setting up a Logistics Business<sup>34</sup>**

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

		↑ 14%	↑ 8%	↑ 7%	↑ 7%	↑ 6%	↑ 1%
	Percentage higher than BLZ						
Cost Type (USD)	BLZ	KAEC	JAFZA	Dubai South	DIP	KIZAD	SPFZ
<b>Company Formation</b>	399	7,980	12,240	3,291	3,272-4,167	4,930	5,031
<b>Land Rental<sup>35</sup></b>	55,041	29,438-34,326	55,542-138,856	57,834-66,402	72,828-78,540	45,084	40,000
<b>Construction<sup>36</sup></b>	2,727,792-3,287,792	3,001,536-3,571,536	2,807,570-3,417,570	2,805,857-3,415,857	2,807,767-3,417,767	2,805,000-3,415,000	2,726,300-3,336,300
<b>Manpower<sup>37</sup></b>	362,642-471,435	512,520-666,277	462,563-601,332	462,563-601,332	462,563-601,332	462,563-601,332	387,239-503,410
<b>Visa and Permits<sup>37</sup></b>	6,211	29,260-31,814	3,300	3,286	2,053	3,534	10,806
<b>Serviced Office Rental</b>	30,153-58,583	31,673-97,733	26,557-107,340	26,557-107,340	26,557-107,340	22,578-108,913	29,484-73,289
<b>Estimated Setup Cost (Minimum)</b>	<b>3,182,239</b>	<b>3,612,407</b>	<b>3,367,773</b>	<b>3,359,388</b>	<b>3,375,040</b>	<b>3,343,689</b>	<b>3,198,859</b>
<b>Estimated Setup Cost (Maximum)</b>	<b>3,879,462</b>	<b>4,409,665</b>	<b>4,280,638</b>	<b>4,197,507</b>	<b>4,211,199</b>	<b>4,178,792</b>	<b>3,968,836</b>

Source: KPMG analysis

<sup>34</sup> The period of setup has been assumed to be one year

<sup>35</sup> Land rental cost is inclusive of service charges and VAT where applicable

<sup>36</sup> Construction cost has been assumed for a light duty warehouse 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 warehouse

<sup>37</sup> Manpower and visa related costs have been calculated for eight management level staff for a period of one year





## Annual Cost of Operating a Logistics Business

Figure 47 below outlines the estimated overall annual cost of operating a logistics business across the benchmarked logistics 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: 51
- Annual cost of dependents visa, national ID and health insurance for a spouse and two children for eight management level staff
- Corporate tax on 49% foreign shareholding for a logistics company with a net profit of USD 410,000
- Transport and Logistics cost: by sea, import of thirty 40' FCL (full container load) per month; by air, import of two shipments per month each weighing 300 kgs; and by road, movement of thirty 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 goods from respective logistics parks are exported to Riyadh while goods from Saudi Arabia are exported to Dubai.

Based on the parameters taken to arrive at the estimated annual operating cost, BLZ emerges as the most competitive destination followed by SPFZ. Compared to BLZ, the annual operating cost at other logistics parks is around 59% to 76% higher. DAFZA has been excluded from Figure 47 as it does not offer land for lease.

**Figure 47: Annual Cost of Operating a Logistics Business**

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

		<div>Percentage higher than BLZ</div>	<div>76%</div>	<div>71%</div>	<div>70%</div>	<div>73%</div>	<div>64%</div>	<div>59%</div>
			<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>
Cost Type (USD/Year)	BLZ	KAEC	JAFZA	Dubai South	DIP	KIZAD	SPFZ	
License Renewal	399	1,330	8,160	3,291	2,203-2,747	1,428	1,001	
Land Rental <sup>38</sup>	55,041	29,438-34,326	55,542-138,856	57,834-66,402	72,828-78,540	45,084	40,000	
Utilities <sup>39</sup>	154,505	75,844	292,430	292,430	292,430	288,497	285,078	
Transport and Logistics	424,361	918,528	837,672	836,952	836,952	791,952	889,692	
Manpower <sup>40</sup>	690,677-897,880	1,090,849-1,418,104	1,107,123-1,439,260	1,107,123-1,439,260	1,107,123-1,439,260	1,107,123-1,439,260	856,569-1,113,540	
Visa and Permits <sup>40</sup>	50,064	251,969	28,677	28,584	21,634	30,283	92,223	
Labor Accommodation <sup>41</sup>	35,976-42,517	97,532	66,912	86,986	119,438-133,489	53,530	104,755-125,706	
Other Fees <sup>42</sup>	-	-	643	1,469	-	408	-	
Corporate Tax	-	40,430	-	-	-	-	-	
Estimated Annual Operating Cost (Minimum)	1,411,023	2,505,920	2,397,159	2,414,669	2,452,609	2,318,305	2,269,318	
Estimated Annual Operating Cost (Maximum)	1,624,767	2,838,063	2,812,610	2,755,374	2,805,053	2,650,442	2,547,240	

Source: KPMG analysis

<sup>38</sup> Land rental cost is inclusive of service charges and VAT where applicable

<sup>39</sup> Reflects the annual utilities cost based on a 3,000 sqm built-up area consuming 16,410 kWh of electricity per month (assuming consumption of 5.47 kWh per sqm per month) and 30m<sup>3</sup> 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 15 commercial vehicles (trucks) each consuming 100 litres of diesel per day for 22 working days in a month

<sup>40</sup> Manpower and visa related costs have been calculated for a total of 51 staff and dependents visa related costs for management level staff

<sup>41</sup> Labor accommodation cost has been calculated for 41 blue-collar staff

<sup>42</sup> Other Fees include the cost of obtaining annual entry pass to logistics parks for 15 commercial vehicles (trucks)





Clipboard with a checklist and a handheld device.

Item	Quantity	Unit	Description
1	100	kg	Cardboard boxes
2	50	kg	Cardboard boxes
3	25	kg	Cardboard boxes
4	10	kg	Cardboard boxes
5	5	kg	Cardboard boxes
6	2	kg	Cardboard boxes
7	1	kg	Cardboard boxes
8	1	kg	Cardboard boxes
9	1	kg	Cardboard boxes
10	1	kg	Cardboard boxes
11	1	kg	Cardboard boxes
12	1	kg	Cardboard boxes
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97	1	kg	Cardboard boxes
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99	1	kg	Cardboard boxes
100	1	kg	Cardboard boxes



# 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
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### 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	Solomon 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"> <li>Can renew existing work visas</li> <li>Can apply for new work visas every two months</li> <li>Entitled to one new visa for every two foreign workers leaving the country on a final exit visa</li> <li>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)</li> <li>Can hire foreign workers from Red firms without the consent of their current employers</li> <li>Entitled to a six-month grace period for the submission of the Certificate of Zakat and Income Tax</li> <li>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</li> </ul>	<ul style="list-style-type: none"> <li>Entitled to unrestricted approval of new visas, that is, firms can hire anyone from any part of the world at any time</li> <li>Entitled to one new visa for every two foreign employees leaving the country on a final exit visa</li> <li>Can use electronic system to apply for work visas for any type of profession (except for jobs restricted to Saudis)</li> <li>Able to renew existing visas for any employee within three months of their expiration</li> <li>Entitled to open profession visas</li> <li>Can hire foreign workers from Red firms without the consent of their current employers</li> <li>Entitled to a six-month grace period for the submission of the Certificate of Zakat and Income Tax</li> <li>Entitled to a one year grace period in the renewal of their expired professional license, commercial registration, and all MLSD documents</li> </ul>

### 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"> <li>Not granted new work visas</li> <li>Not allowed to renew existing work visas</li> <li>Not allowed to transfer visa to other jobs</li> <li>Cannot hire foreign workers from other firms</li> <li>Not allowed to open new facilities or branches</li> <li>Their foreign employees are allowed to transfer jobs to companies in the Platinum &amp; Green bands without their consent</li> </ul>	None	None

Source: Primary and secondary research, KPMG analysis



# III. Appendix 3

## Overview of Export Bahrain

Export Bahrain	Key Sections	Description
About Export Bahrain	<b>General Overview</b>	<ul style="list-style-type: none"> <li>Export Bahrain is the platform in the Kingdom of Bahrain that supports small and medium enterprises (SMEs) exports internationally</li> <li>Export Bahrain focuses on empowering SMEs by exporting their products and services to potential markets in key destinations worldwide</li> <li>Export Bahrain supports companies from diverse sectors</li> <li>Export Bahrain delivers relevant support to Bahraini small and medium exporters aspiring to access international markets through exporting</li> <li>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'</li> </ul>
	<b>Objectives</b>	<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"> <li><b>Boosting competitiveness:</b> Enhance the capabilities of Bahraini SMEs in the export business</li> <li><b>Activating untapped potentials:</b> Evolve the export landscape by utilizing resources/ sectors that are previously underdeveloped/not utilized</li> <li><b>Developing the backbone of the industry:</b> Contribute to the growth and development of international trade</li> <li><b>Generating innovation:</b> Diversify export opportunities and global reach</li> </ul>
	<b>Who is Eligible?</b>	<p>The companies that fulfill the below requirements, are eligible for Export Bahrain's solutions:</p> <ul style="list-style-type: none"> <li>A company with an active Bahraini Commercial Registration in the Kingdom of Bahrain</li> <li>Startup and growing companies with revenues up to BHD 3,000,000 (as per MOICT's definition of SMEs)</li> <li>To meet minimum standards of local production, goods manufactured or processed</li> </ul>
	<b>Target Segment</b>	<ul style="list-style-type: none"> <li><b>Pre-Export:</b> 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.</li> <li><b>Export Ready:</b> 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.</li> <li><b>Export Scale-ups:</b> an SME which is currently exporting but is looking to scale up its presence in global markets.</li> </ul>

Source: Export Bahrain



Export Bahrain	Key Sections	Description
Export Bahrain's Solutions	<b>Export Financing</b>	<ul style="list-style-type: none"> <li>Designed to provide short-term financing for enterprises to capture international business opportunities and global growth</li> <li>In collaboration with partner banks, Export Bahrain offers export-financing for approved export deals and contracts at competitive rates / profit</li> <li>The financing covers the requirements of exporters and provides access to liquidity to cover operations costs of exporting</li> <li>The type of credit that are covered under this solution are: <ul style="list-style-type: none"> <li>Asset-based financing</li> <li>Export letter of credits</li> <li>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</li> </ul> </li> <li>Export Financing subsidizes: <ul style="list-style-type: none"> <li>Up to 70% of the annual nominal profit rate capped at 9.5%</li> <li>50% of admin fee</li> </ul> </li> <li>Finance amount ranges from BHD 30,000 to BHD 1 Million with a one-year tenor subject to the bank's policy</li> </ul>
	<b>Export Credit Insurance</b>	<ul style="list-style-type: none"> <li>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 &amp; Export Credit Guarantee Corporation "Dhaman")</li> <li>Exporting SMEs receives: <ul style="list-style-type: none"> <li>80% subsidy of the premium rate</li> <li>90% reimbursement in the case of default</li> <li>80% subsidy of the transaction fee</li> </ul> </li> </ul>
	<b>Readiness Assessment Tool</b>	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.
	<b>Market Intelligence – 'Trade Map'</b>	<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"> <li>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</li> <li>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</li> </ul>
	<b>Export Cargo Solution</b>	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.
	<b>Export Workshops</b>	<ul style="list-style-type: none"> <li>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</li> <li>The process of applying is via Export Bahrain's website</li> </ul>
	<b>Export Training</b>	<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
<b>Other Contributing Features</b>	<b>Other contributing features</b>	<p>Other elements that add to the value of the initiative are outlined below:</p> <ul style="list-style-type: none"> <li>• 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"> <li>• Aid the client with the application process.</li> <li>• Accompanying the client to Export Bahrain's project partners.</li> <li>• Ensure that the client's objectives are met.</li> <li>• Ensure that clients are applying for the right projects that would fit their portfolio.</li> </ul> </li> </ul> <p><b>Export.bh</b> Export.bh provides the following features:</p> <ul style="list-style-type: none"> <li>• Online applications</li> <li>• Workshop Calendar &amp; Registrations</li> <li>• Single application source to access export solutions</li> <li>• Latest News &amp; Announcements feature</li> <li>• Access to market intelligence &amp; trade information as the website has two trade information platforms within that highlights clients' export potential and rules and regulations of global.</li> </ul> <p><b>Other solutions</b> that Export Bahrain plans to carry out include:</p> <ul style="list-style-type: none"> <li>• <b>Export Accelerator Program:</b> 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.</li> <li>• <b>Exhibition Support:</b> Enable SMEs to showcase products and services in relevant and high potential export sectors.</li> <li>• <b>Export Marketing and Promotion:</b> Enabling SMEs to market for their products and services in their selected international markets</li> <li>• <b>E-commerce Support Platform</b></li> <li>• <b>Export Awards and Competitions</b></li> </ul>

Source: Export Bahrain



# III. Appendix 4

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

Tamkeen Programs	Description	Eligibility Criteria
<b>Training and Wage Support</b>	<p>The Training &amp; 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"> <li>• Wage Subsidy Support</li> <li>• Wage Increment Support</li> <li>• Training Support</li> </ul> <p><b>Wage Subsidy Support</b> 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"> <li>• Financial Support of 50% of their salaries in the first 12 months</li> <li>• Financial support of 30% of their salaries for the next 6 months.</li> <li>• The maximum financial support provided by Tamkeen shall be USD1,325 (BHD500).</li> </ul> <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><b>Wage Increment Support</b> 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) &amp; 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><b>Training Support</b> 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><b>Overall Eligibility Criteria</b></p> <ul style="list-style-type: none"> <li>• Any enterprise with an active commercial registration or license in Bahrain may apply to get support for their Bahraini employees.</li> <li>• Employee must be registered with the national social insurance organization.</li> </ul> <p><b>Eligibility Criteria -Wage Subsidy Support</b></p> <ul style="list-style-type: none"> <li>• Application is submitted within the first 6 months of the employee's joining date.</li> <li>• Employee must be 30 years old or younger when the application has been submitted.</li> <li>• Employees must meet or exceed the below minimum required salaries. <ul style="list-style-type: none"> <li>o High School Graduates (or lower): USD796 (BHD300)</li> <li>o Diploma Holders: USD1,008 (BHD380)</li> <li>o Bachelor Holders: USD1,193 (BHD450)</li> </ul> </li> <li>• Employee must have either 24 months or less of work experience registered with the national social insurance organization.</li> </ul> <p><b>Eligibility Criteria -Wage Increment Support</b></p> <ul style="list-style-type: none"> <li>• The employee's new salary must be updated with the national social insurance organization in the next consecutive window (January –mid-February)</li> <li>• The employee's new salary must meet or exceed the minimum required salaries detailed under the Wage Subsidy Support's eligibility criteria.</li> <li>• The increment should not exceed 40% of the employee's current salary.</li> <li>• The employee must not be over 58 years old at the time of application</li> <li>• The employee's wage increment should not be implemented or paid before receiving Tamkeen's approval.</li> </ul> <p><b>Eligibility Criteria -Training Support</b></p> <ul style="list-style-type: none"> <li>• Training course selected must be relevant to the employee's job role within the enterprise.</li> <li>• Training Provider must provide confirmation that the employee is enrolled in the selected course.</li> </ul>

Source: Tamkeen (Labour Fund), KPMG analysis



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

Tamkeen Programs	Description	Eligibility Criteria
<b>Tamweel+</b>	<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.
<b>Tamweel</b>	<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.
<b>Micro-Finance</b>	<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.
<b>Riyadat Financing</b>	<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.
<b>Business Development</b>	<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











## Contact us

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