



Logistics

BUSINESS
friendly
BAHRAIN

1 The Middle East's most compelling hub for global market access

A proven gateway for the free flow of goods:

Bahrain offers the best physical access to Middle East markets such as the Kingdom of Saudi Arabia, Kuwait, Qatar, the United Arab Emirates, Iraq, Jordan and Turkey.

Bahrain is also a driving force in regional and global trade: as well as numerous Free Trade Agreements (FTAs) as part of the GCC (Gulf Cooperation Council), Bahrain has its own FTA with the USA and is negotiating on behalf of the GCC to establish FTAs with the European Union, China, Japan, Singapore and Australia.

The Kingdom has been a member of GAFTA (Greater Arab Free Trade Area) since 1998 alongside Egypt, Kuwait, Jordan, Libya, Morocco, Oman, Palestine, Qatar, Saudi Arabia, Sudan, Tunisia, United Arab Emirates and Yemen.

Highly efficient and competitive:

Bahrain invests significantly in integrated logistics, business and infrastructure.

You will benefit from faster, streamlined processing of trade goods – Bahrain offers the shortest transit anywhere in the Gulf between seaport, airport and logistics processing zones. As a result, companies who operate here enjoy excellent value and low business costs.

The 2014 Global Enabling Trade Report, which analyses 138 economies in terms of institutions, policies and services facilitating the free flow of goods, ranked Bahrain 33rd globally. Bahrain performed particularly strongly in the availability and quality of transport infrastructure, ranking 17th for availability and use of ICT and 28th for operating environment¹.

What is more, Bahrain ranks 34th out of 144 economies in the 2014-15 Global Competitiveness Report for overall transport infrastructure and 15th for port infrastructure².

Be at the centre of growth:

Investing in Bahrain means major commercial opportunities; GCC members increasingly trade with each other and cargo volume in the Gulf is steadily growing.

More and more international companies are establishing here, creating a critical mass. The UNCTAD World Investment Forum ranks the Kingdom sixth globally for inward investment on a per capita basis, rising from 15th in 2012-2013. Bahrain's transport and communications sector grew annually 9.8% 2000-2012³, while its contribution to GDP in 2012 was 7%, up from 6.8% in 2011.

Excellent for business:

No other Middle East market provides a more open, attractive commercial environment.

In effect, the whole of Bahrain is a 'free zone'. The Kingdom allows 100% foreign ownership of business and real estate – enabling investors to repatriate capital, profits and dividends – with no corporate or personal taxes.

This is all built on outstanding security and stability: Bahrain is the Gulf's longest-established trading hub. And businesses agree; no less than 35 international companies from over 20 markets across North America, Europe and Asia set up operations in Bahrain during 2013.

“Bahrain is a strategic location in the heart of the Gulf, and along with the proximity to the region's largest market, Saudi Arabia, was one of the main reasons that made us decide to have a presence here.”

Stephen Krauter, Chief Executive, cargo-partner

2 Investment in world-class logistics and infrastructure

Khalifa Bin Salman Port:

The \$360 million Khalifa Bin Salman Port started operations in April 2009 and is proving highly successful, with annual tonnage expected to increase on average by 10.6% to 2019. Operated by APM Terminals, it provides sea freight, shipping and logistics services to the highest international industry specifications and standards. Built on reclaimed land in the northeast of Bahrain, it is only 13 km from Bahrain International Airport and linked to Saudi Arabia by the King Fahd Causeway.

The port offers a channel depth of 14 metres with dredging under way to deepen this further to 15 metres. It provides capacity up to one million TEUs, which could increase to 2.5 million TEUs with additional STS cranes, and up to five million with land expansion; at around 110 hectares in area, there is significant scope for this.

Khalifa Bin Salman Port is well placed to serve northern Gulf markets such as Saudi Arabia, Qatar and Kuwait. It also offers excellent local access for logistics companies, by being sited next to the Bahrain Logistics Zone.

Bahrain International Airport (BIA) expansion:

BIA hosts 38 airlines, with both cargo and charter flights, and provides sophisticated facilities for logistics operators. Just 13 km from two other key developments, the Bahrain Logistics Zone and the Khalifa Bin Salman Port, the airport offers outstanding access. Capacity is impressive: 322,734 tonnes of cargo can be carried a year⁴, and considerable expansion is in progress.

In January 2011, the Bahrain Airport Company signed an agreement with MENA Aerospace to build and operate one of the region's largest private and general aviation hangar complexes.

Moreover, BIA will soon incorporate 'Cargo Oasis', an expanded cargo handling facility that will triple Bahrain's international air cargo capacity to one million tonnes a year – comparable to London's Heathrow Airport – with the ability to handle 27 large cargo planes at any time.

International cargo carrier DHL has depended on Bahrain's strategic location since setting up operations in Manama in 1978. The airport is DHL's regional distribution centre for Eastern Europe, the Middle East and North Africa. In June 2011, DHL signed a new contract to maintain its regional headquarters here for another eight years.

BIA is, of course, home to Bahrain's national carrier, Gulf Air, which has the Middle East's largest network and connects to 46 destinations worldwide. It is the regional hub for Lufthansa, Cathay Pacific and Air India, with links to principal global financial and business centres.

Passenger numbers are growing: 9 million people travel through Bahrain International Airport each year.

In January 2014, Bahrain Airport Company signed a \$34.5 million agreement with Aéroport de Paris Ingénierie. This agreement is expected to enhance the airport's infrastructure and services, enabling it to increase capacity to 13.5 million passengers a year.

Salman Industrial City Project:

The Salman Industrial City opened in January 2010 and incorporates key infrastructure projects in the Hidd area such as the Bahrain International Investment Park, Bahrain Investment Wharf and Hidd Industrial Zone. It is next to the landmark Khalifa Bin Salman Port and surrounded by excellent infrastructure including the Bahrain International Airport and King Fahd Causeway.

International industrial companies clearly appreciate ready access to surrounding markets: inflow of investment into the City has reached \$3.5 billion and is expected to reach over \$7.6 billion⁶.

Bahrain Investment Wharf:

The Bahrain Investment Wharf (BIW) has already boosted Bahrain's economic infrastructure. It is to include a logistics park measuring 900,000 m².

Bahrain Logistics Zone:

With bonded and non-bonded areas, the Bahrain Logistics Zone (BLZ) is the only dedicated customs-free value-added logistics park in Bahrain. It is also the Middle East's first multi-modal logistics hub to focus on re-export and value-added logistics. The park is located close to the Kingdom's Khalifa Bin Salman Port and offers the choice of building your own facilities or renting state-of-the-art warehouses with scope to operate modern logistics.

The BLZ has gained the attention of international logistics players and signed various leasing contracts. It was recently chosen by Almoayed Wilhelmsen, Aramex, Cargo Partners, Bandar Al-Khaleej (Saudi Arabia), Bitumena and Schmidt Middle East Logistics.

Bahrain International Investment Park (BIIP):

At around 2,500,000m², BIIP has been developed by the Ministry of Industry and Commerce. The park is easily accessible from Bahrain International Airport, the Khalifa Bin Salman Port and Saudi Arabia via the King Fahd Causeway.

By the end of 2013, 30 new projects had been approved and BIIP employed over 3,000 people. In February 2014, it announced that investment had reached \$1.82 billion⁷. At the end of April 2014, 58 companies were in production, versus 43 in 2012 and 31 in 2011. BIIP has been ranked 6th in the FDI Intelligence Middle East Free Zones of the Future 2013-2014, rising from 15th the previous year⁸.

Road infrastructure:

Bahrain benefits from excellent transport throughout the region with easy access to Gulf markets. Via the King Fahd Causeway, Saudi is just a 30-minute, 25 km drive. A road and rail bridge to Qatar is also planned. An ongoing \$694 million investment has been pledged to other major projects, such as reconstruction of the

Sitra crossing (completed in 2011) and the Shaikh Khalifa Bin Salman Highway. Construction of the multi-million-dollar interchange at Mina Salman junction has also recently been completed, and was part of the Strategic Roads Master Plan.

King Fahd Causeway:

The 25 km King Fahd Causeway was completed in 1986 and has brought significant economic benefits for Bahrain and Saudi Arabia, with trade increasing across the causeway to BD 3.4 million (\$9.06 million) a year⁹.

Around 12 million passengers a year cross between the two countries, together with goods and cargo. In 2013 alone, 9,859,888 travellers entered Bahrain through the causeway¹⁰.

The King Fahd Causeway is so popular, however, that it will be improved over the next 25 years and supplemented by a new 25 km link, the King Hamad Causeway. This is expected to take around four years to build and cost around \$5 billion.

Companies at BIIP

Mondeléz, formerly Kraft Foods (USA – cheese and powdered beverages)

MTO Corporation (Singapore – components for oil and gas)

Abahsain Fibreglass (Saudi Arabia – E-CR glass fibre)

RMA Middle East S.P.C (Germany – steel pipeline equipment)

BASF (Germany – chemicals)

JBF (India – polyester films & chips)

Arabian Sugar (Spain/GCC – sugar)

Logistics firms active in Bahrain

Agility, APM Terminals, Aramex, DHL, Expeditors, FedEx, GAC, Kuehne+Nagel, Panalpina, TNT, UPS, APL, KWE and Kintetsu World Express

3 How the Economic Development Board can help

The Bahrain Economic Development Board (EDB) is a dynamic public agency with an overall responsibility for attracting inward investment into Bahrain, and is focusing on target economic sectors in which the Kingdom offers significant strengths.

Key areas of focus include manufacturing, ICT, and logistics and transport services as well as other sub-sectors.

The Financial Services sector in Bahrain is particularly strong and the EDB supports in the continuing growth of the banking industry and key sub-sectors, including Islamic Finance, Asset Management, Insurance and Re-Insurance.

So what does this mean for you?

- We offer a no-cost practical facilitation service for first-time investors, and ongoing support to businesses already here.
- We can act as your first point of contact in the Kingdom.
- We can discuss incentive packages to make the set up even more attractive.
- We do our best to understand your objectives and respond to them efficiently, providing all the information you need to set up your business quickly and smoothly.

In short, we are here to help you.

Welcome to Bahrain.



1 World Economic Forum, The Global Enabling Trade Report 2014
2 World Economic Forum, The Global Competitiveness Report 2014-2015
3 Kingdom of Bahrain, Central Informatics Organisation
4 Bahrain International Airport
5 Ministry of Transport and Telecommunications website – Bahrain International Airport

6 Cluttons LLP
7 Gulf Industry Worldwide, 1 February 2014
8 fDiIntelligence, Middle East Free Zones of the Future 2013/14
9 TradeArabia, 12 December 2011
10 Kingdom of Bahrain, Central Informatics Organisation, Arrivals and Departures in Air and Sea Ports and Causeway (1999-2013)

4 Logistics - summary

- Strategically located in the heart of the Gulf
- Via the King Fahd Causeway, Saudi Arabia is just a 30-minute drive
- Within one of the world's fastest-growing economic areas
- An open commercial environment
- Highly competitive: some of the region's lowest business costs
- 100% foreign ownership: no repatriation of capital, profits or dividends
- The Gulf's longest-established trading centre
- Numerous international trading agreements
- Fast-growing transportation and communications sector
- Efficient customs administration for easy throughput
- Extremely attractive for businesses looking to set up in the Middle East
- Already the regional base for many international companies

CONTACT US:

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