



Bahrain: the most efficient and connected manufacturing and logistics base in the Gulf

 **EDB** BAHRAIN
ECONOMIC DEVELOPMENT BOARD

BUSINESS
friendly
BAHRAIN



Create a manufacturing and logistics base in the Gulf's most compelling location

Join Bahrain's thriving manufacturing and logistics sector

- 80% increase in manufacturing output over ten years
- 17.5% contribution to real GDP, rising to 20%
- 2nd largest sector after oil and gas
- 2nd biggest exporter to Saudi Arabia (KSA), 1st to the UAE
- 2nd 'Global Hotspot' in the DHL Global Connectedness Index 2016
- Faster customs clearance at all entry ports than the rest of the Gulf
- Fastest regional entry into Saudi Arabia

Do business better across the Gulf by operating from Bahrain – the region's proven gateway.

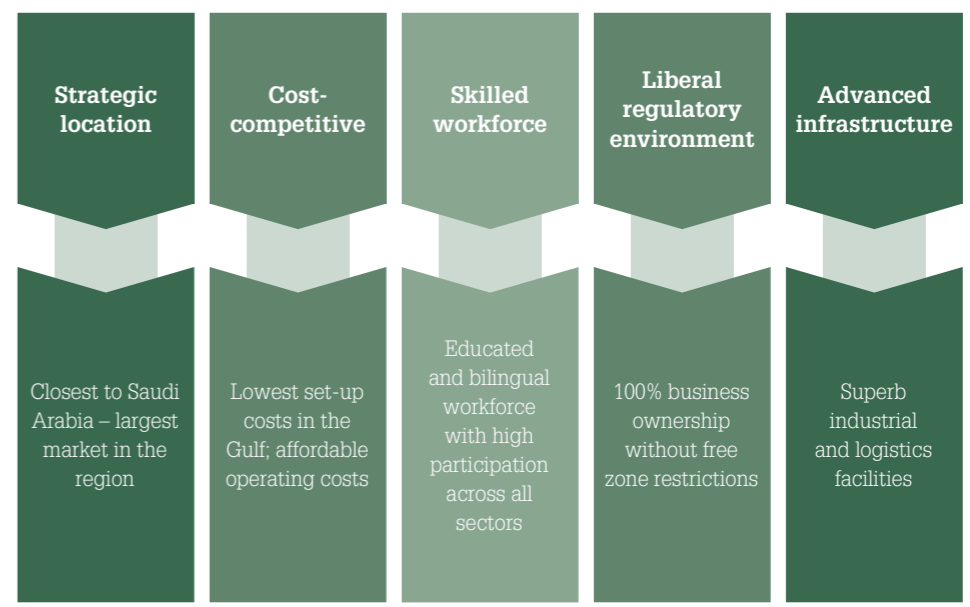
In particular, there is the opportunity to add value to basic industrial products and commodities with access to competitively priced input materials.

Most important, your company will operate in a business-friendly environment. Bahrain is an established commercial hub, with a leading financial services sector and sound regulation. This provides vital safety, stability and security.

Bahrain is also continuously investing significantly in facilities and infrastructure. Enjoy efficient operation today with exceptional scope for expansion in the future.

Now discover the key propositions that show what Bahrain can offer your business.

Bahrain's five key propositions



Powered by investment

Bahrain's industrial and logistics development is being driven by key infrastructure projects worth around USD 33 billion.

❖ **Alba Line 6 Expansion Project | USD 3 billion**

Majority owned by the Government of Bahrain, with 20% owned by Sabic, Alba was established in 1971 and is already one of the world's largest primary aluminium smelters. It produces the highest-grade material for downstream aluminium manufacturing.

One of Bahrain's biggest current industrial projects, expansion will make Alba the world's largest single-site smelter on completion in 2019. It will increase production by 540,000 tonnes at full ramp-up to approximately 1.5 million tonnes per year, boost the downstream industry and create thousands of jobs.

❖ **Bapco Modernisation Programme | USD 5 billion**

Wholly owned by the Government of Bahrain, Bapco (Bahrain Petroleum Company) refines and distributes petroleum products and natural gas, as well as exporting crude oil and refined products.

The Bapco Modernisation Programme (BMP) will make Bapco one of the Middle East's most competitive refineries beyond 2020. It will increase capacity from 267,000 to 360,000 barrels per day (bpd).

❖ **Bahrain LNG Import Terminal | USD 655 million**

The new Bahrain LNG Import Terminal will supplement the Kingdom's domestic gas production.

With operation due to start in mid-2017, the new LNG receiving and regasification facility will be located in the Hidd Industrial Area of Salman Industrial City.

It aims to double Bahrain's import capacity to 800 million standard cubic feet per day to meet increasing demand for gas among urban and industrial users.

❖ **AB Pipeline | USD 325 million**

Opened in 1945, Bahrain's AB-1 crude oil pipeline runs from Saudi Aramco's Abqaiq plant to Sitra Refinery in Bahrain.

A new 30-inch diameter 115 km pipeline (42 km subsea and 73 km on land) will raise transport capacity from 230,000 bpd to 350,000 bpd, with the flexibility to increase to 400,000 bpd.

❖ **International Airport Expansion | USD 1.1 billion**

Bahrain International Airport is a major hub for Northern Gulf air cargo, where volume is growing strongly. The airport had a cargo output of nearly 250,000 tonnes in 2015.

The airport is undergoing significant modernisation and expansion that will boost cargo capacity to 2 million tonnes a year by 2030. This is part of a long-term Master Plan that includes a new cargo zone and a new terminal for 14 million passengers.



Strategic location

•• Be closer to key export markets

At the heart of the Arabian Gulf, Bahrain puts you in a unique position to export directly across the Gulf Cooperation Council (GCC), the Arab region and across the world.

•• Rapid access by road, sea and air



By road

30 minutes to the Eastern Province of Saudi Arabia across the 25 km King Fahd Causeway
4 hours to Riyadh, Kuwait City and Doha, **8** to Dubai
24 hours to reach 75% of the entire Saudi market

By sea

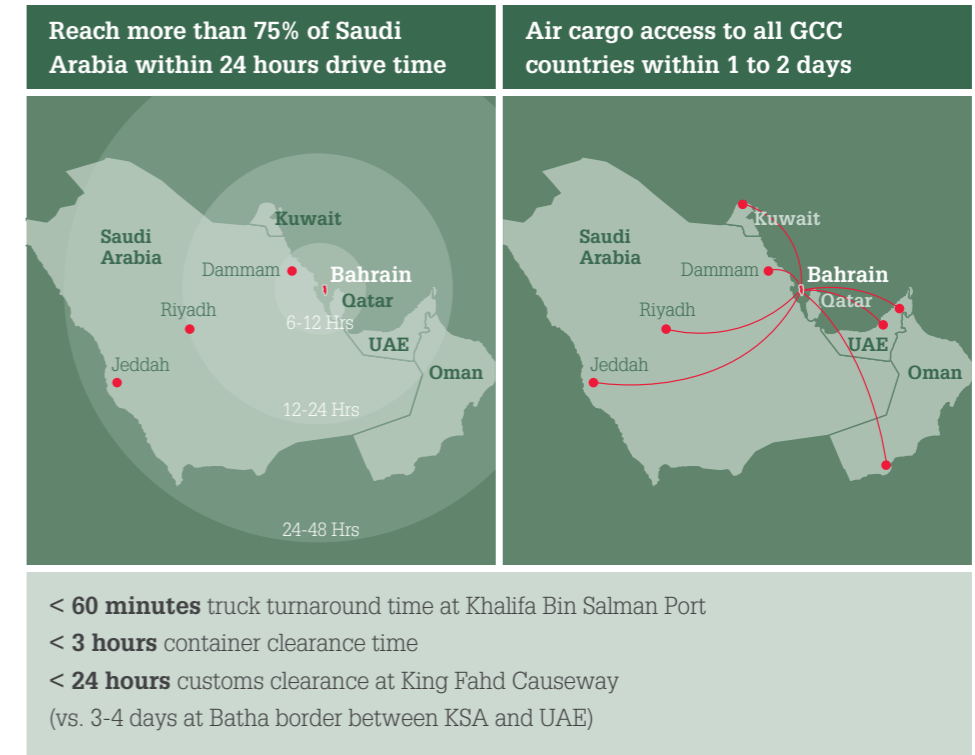
2 hours to Jubail Industrial City, the world's largest industrial park
40% closer to major GCC centres

By air

1 hour to all key GCC centres
Best regional connectivity – Gulf Air has more regional flights than any other carrier in the GCC

•• Export goods effectively

Efficient, streamlined customs procedures ensure that goods and vehicles spend less time waiting for clearance. They arrive sooner with your customers or at your premises, at lower cost.



“Mondelēz can have produce on shelves in Saudi Arabia from our Bahrain production site within 48 hours; a real competitive advantage for the business.”

Mohamed Shalaby, Plant Director, Bahrain

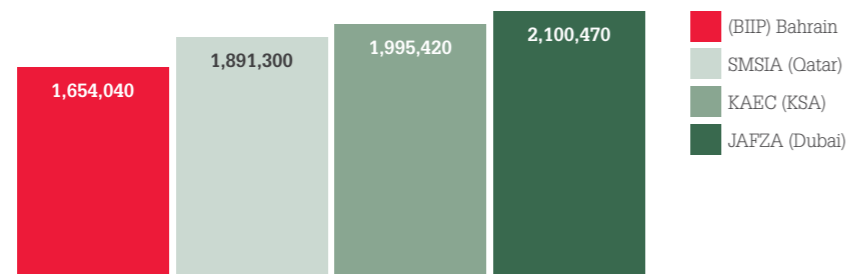
Cost-competitive

Manage your business for less

Operate in Bahrain and you operate at an advantage. Your balance sheet will gain from the GCC's lowest operating costs. As you will see from the following pages, Bahrain's cost-competitive environment goes wider, covering **Set-up, Transport, Taxation** and **Port handling**.

Get the full picture

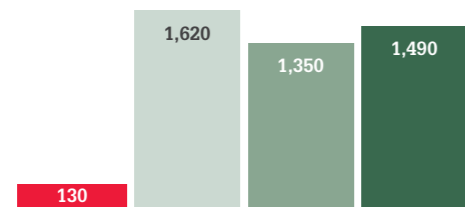
Lowest industrial operating costs in the region (USD).



Drill down to the detail

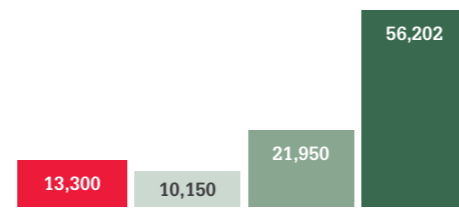
Licensing

Pay significantly lower annual licence renewal fees. (Costs shown for industrial licenses.)



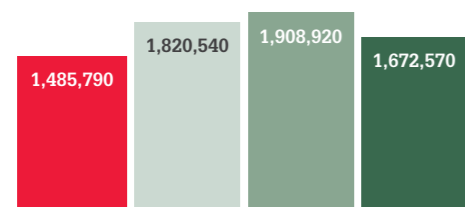
Land rental

Pay among the lowest average land rental rates. (Costs shown per 5000m².)



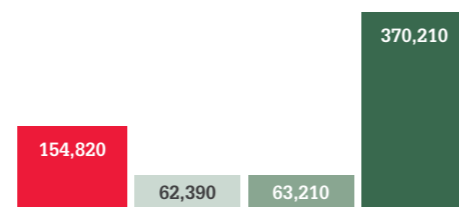
Employment

Bahrain offers exceptional value, for Manpower and associated Visas¹.



Operations

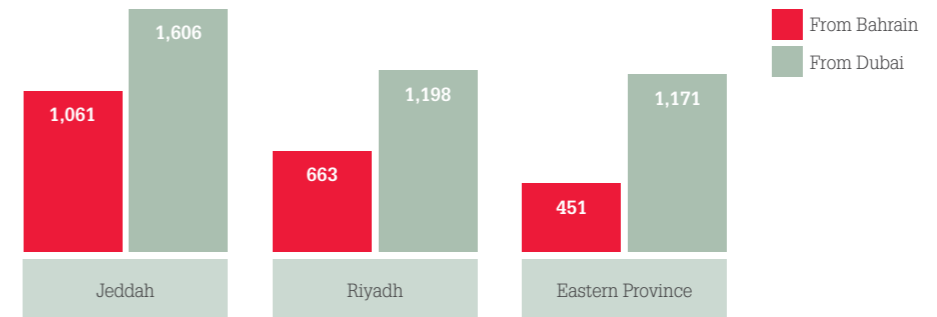
Utility costs² are highly competitive compared to others in the region.



¹ Reflects the annual average manpower and visa costs for 65 employees consisting of: 15 unskilled workers, 15 semi-skilled workers, 10 skilled workers, 7 administrative staff, 7 associates, 5 deputy managers, 4 managers and 2 senior management members. ² Reflects the annual utilities cost based on a 3,000m² built-up area consuming 255,810 kWh of electricity per month and 70m³ of water per month. **Source:** KPMG, Cost of Doing Business Report 2015

Road freight to KSA

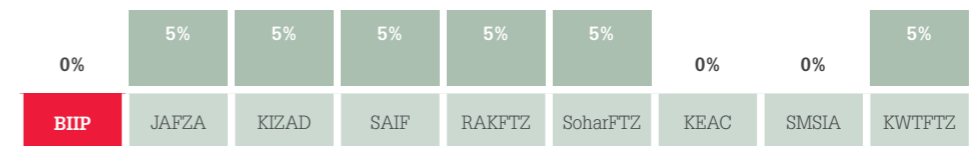
Transport costs to Saudi Arabia from Bahrain are well below those from Jebel Ali Free Zone, Dubai (USD per 20' container).



Port handling

Customs duties

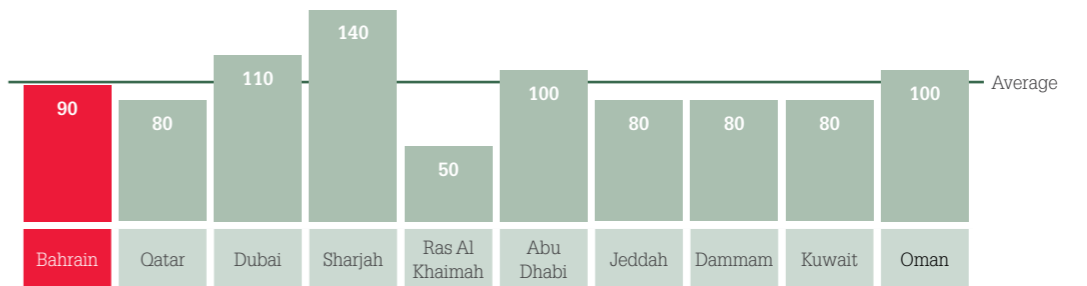
Bahrain has no free zone restrictions. Hence all products made in Bahrain can be exported to the rest of the GCC, with 0% duty payment as shown below.



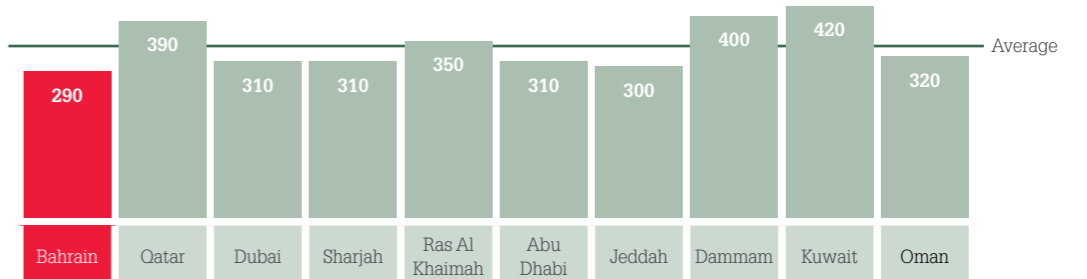
Seaport costs

Bahrain offers below-average costs from terminal handling through to 'last-mile' transportation.

Terminal handling costs (USD per 20' container)



Clearing, documentation and transportation costs (USD per 20' container)





Skilled workforce

❖ Tap into the Gulf's most capable bilingual talent pool

A commitment to superb education means that Bahrainis are smart and commercially focused. Being bilingual, they give you the edge across regional and global markets. And with local human capital growing at around 3% a year, you are sure of excellent availability and affordability.

❖ Significant Bahrainisation

The downstream manufacturing sector has among the highest levels of Bahrainisation. Bahrain's government actively supports this trend through Tamkeen, a government agency-backed labour fund that develops employment in the private sector with subsidies and training.

Lower cost

- 21% cheaper manpower than KSA (Qatar 18%, UAE 11%)
- 50% salary subsidies – first two years
- 100% paid-for training and professional certification

High Bahrainisation

- 84.2% Alba
- 75.3% GPIC
- 74.5% BASF
- 70% Olayan Kimberly-Clark
- 64.7% APM Terminals
- 53% DHL
- 35% Mondelēz

More expert

- 18,600 Bahrainis have benefited from Tamkeen training and development
- 17,500 employees taking part in career progression schemes since 2007

Attractive regulatory environment

Build on our economic and business freedom

Bahrain provides the conditions you need to operate your company effectively and profitably.

We are pro-business with liberal policies and regulations that simplify business, and commercial laws that meet international standards. In return, organisations are expected to pursue sound governance and accounting practices.

That is why it is unsurprising we are recognised as one of the world's most open economies. For manufacturing and logistics companies this means:

- Streamlined company set-up via the Bahrain Investors Centre
- No exchange controls – move money freely
- 24/7 customs support
- No employment restrictions
- No free zone restrictions – Bahrain is all one free zone

100% business ownership

Total commitment to your success

- 100% foreign ownership allowed for 92% of business activities
- 100% repatriation of capital, profits and dividends – your business fully reaps the rewards
- 100% employment flexibility, including local and foreign talent

Trade-duty-free

Bahrain has many bilateral relationships across the globe. Duty-free access reduces export costs and increases exposure of your goods in overseas markets.

- 40+ countries with trade and economic agreements
- 41 countries with double-taxation avoidance
- 34 countries with investment promotion and protection
- 31 countries with economic, trade and technical cooperation
- 6 countries with international air transport reciprocal exemption
- 40% minimum added-value enables companies to label products 'Made in Bahrain'
- Allows duty-free access to the GCC and GAFTA with import duty exemption
- 3 imports eligible for duty rebate: **Raw materials, Machinery** and **Spare parts**

Bank on our global agreements

Take advantage of our trade and economic agreements with world markets including China, France, India, Singapore and the UK.

Other significant agreements:

Gulf Cooperation Council (GCC)

A true common market across six nations that promotes trade and investment.

Greater Arab Free Trade Agreement (GAFTA)

Full trade liberalisation of goods across 17 member states.

US-Bahrain Free Trade Agreement

The only such treaty between the USA and a GCC member state. With 'most favoured nation treatment' Bahraini companies compete equally with US counterparts.

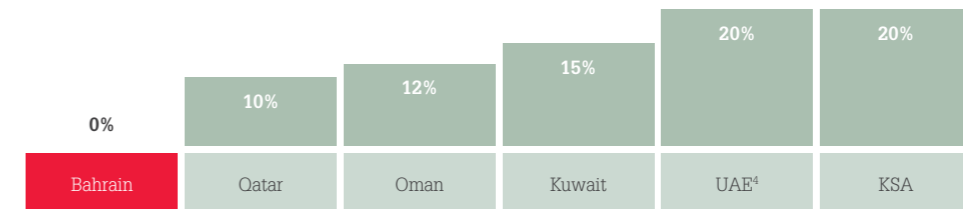
European Free Trade Association (EFTA)

An agreement between the GCC and Iceland, Liechtenstein, Norway and Switzerland. Includes trade in goods and services, government procurement and competition.

Pay less tax

Bahrain ranks as the world's most favourable tax regime. Take advantage of this fact to return more revenue to your business.

Corporate income tax rates in the GCC countries³



It's easy to say no

- **No** corporate income tax
- **No** personal income tax
- **No** wealth tax on capital gains
- **No** withholding tax
- **Few** indirect taxes e.g. 10% municipal tax on rents

³ KPMG Corporate Tax Report, 2014 ⁴ 20% for branches of foreign banks.

Advanced infrastructure

Operate from the perfect industrial and logistics base

We have put everything you need to set up manufacturing, distribution and industrial services in one place – Salman Industrial City. More than USD 7 billion has already been invested in the project, which will ultimately create 34,000 jobs.

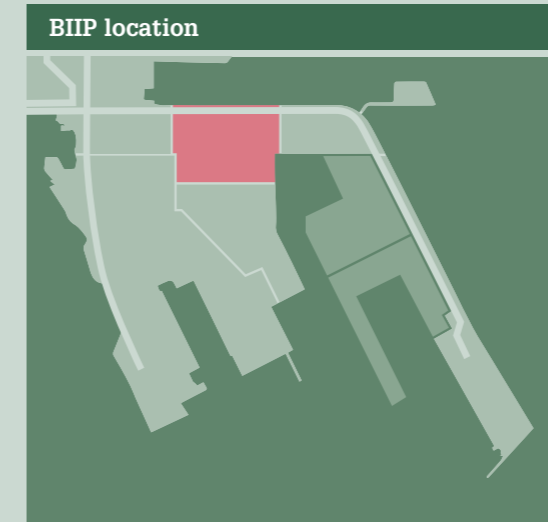
This project comprises three key locations for industrial and logistics projects, with superb facilities. From here, you can service business across the GCC and beyond.

Move goods faster

Take advantage of the shortest transit in the Gulf between entry point and logistics processing area. Our integrated infrastructure makes access easy to and from vital markets.



Bahrain International Investment Park



Situated next to Khalifa Bin Salman Port, Bahrain International Investment Park (BIIP) is ideal for manufacturing and industrial services. More than 75 companies already operate here, with around 85% of investment coming from international businesses.

247 hectare site

5,000+ current employees

Legal status: Non-free zone

USD 13 billion total expected investment

Contract: USD 2.66 per m² per year



Excellent facilities

Extensive ready-made or custom units
Support team with dedicated account managers

Valuable incentives

Duty-free access to all GCC markets
0% corporate tax carries 10-year guarantee
No import duties on raw materials and equipment
No recruitment restrictions for the first 5 years
No minimum capital

Varied industries

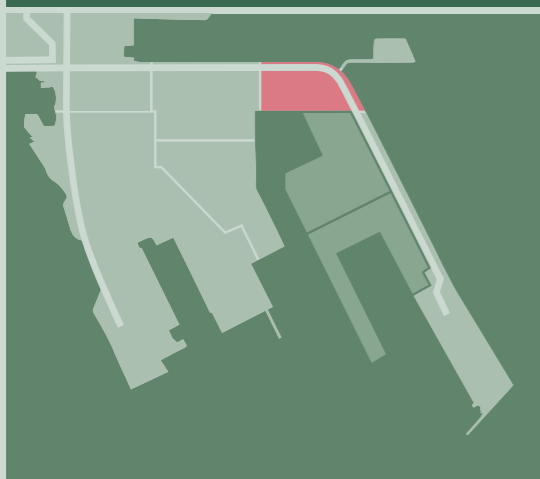
Plastics
Food processing and supply
Pharmaceuticals
Electronics engineering and manufacturing
Fibreglass
Medical technology
FMCG
Industrial services

Major companies

Mondelēz
Reckitt Benckiser
BASF
CPIC – Abahsain Fiberglass
JBF Industries
Chemco Packaging

❖ Bahrain Logistics Zone

BLZ location



Customs-free and strategically placed to speed the movement of goods, Bahrain Logistics Zone (BLZ) focuses on value-added logistics and re-export. It is the Middle East's first such multi-modal hub.

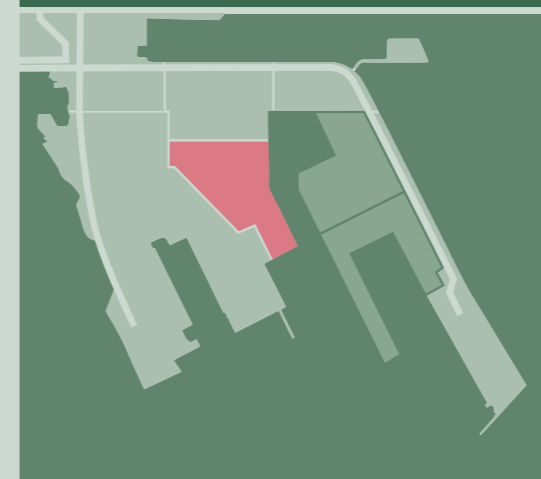
100 hectare site

Legal status: Custom-bonded area

Contract: USD 9.50 per m² per year

❖ Bahrain Investment Wharf

BIW location



For a more self-contained mixed-use setting, consider Bahrain Investment Wharf (BIW), situated in the Hidd Industrial Area of Salman Industrial City.

157 hectare site

Legal status: Non-free zone



Convenient solutions

Ready warehouses available from private developers
Pre-built or custom units
Modern offices

Major companies

Al Moayed Wilhelmsen Ltd.
GLS Logistics Company W.L.L.
BITU MENA W.L.L.
Gulf Bahraini Landmarks Real Estate B.S.C Closed (GBL)
Schmidt Middle East Logistics
Logistic Village Management Co. W.L.L.
Multicom Real Estate Company W.L.L.
4TN Trading Co. W.L.L. (Armada)
B & B Logistics W.L.L.



Great unit selection

Ready-made or custom units
Office space
Employee accommodation

Strength in depth:

Bahrain attracts a rich variety of local and international businesses. These companies make the most of opportunities by applying extraordinary levels of expertise and innovation in:

- Value-added downstream manufacturing
- Export-oriented projects
- Environmentally clean projects
- Resource optimisation
- High-quality job creation

• Explore six key areas

Discover how some of Bahrain's most successful investors and operators are flourishing within the following six sectors:

1. FMCG
2. Downstream aluminium
3. Chemicals and plastics
4. Packaging
5. Logistics and distribution
6. Industrial services

FMCG

• Mondelēz

Due to great business experience and the success of their initial investment, where 97% of product is exported from Bahrain, Mondelēz is due to open a new biscuit plant at BIIP, establishing Bahrain as one of its six global manufacturing and distribution hubs.

Size of investment: Existing USD 75 million; expansion to cost USD 90 million.

Products and services: Kraft cheese, Tang, Oreo, Barni, Prince, belVita, TUC and Ritz brands.

Number of employees: Currently 230; expansion 300.

• Reckitt Benckiser

The company has established its only manufacturing facility in the entire region in Bahrain. Reckitt Benckiser exports across the GCC, mainly Saudi Arabia (30%) and the UAE (20%).

Size of investment: USD 15 million.

Products and services: Personal care and household (Veet, Dettol, Vanish).

Number of employees: 76

• Olayan Kimberly-Clark

Olayan Group, one of the largest Saudi conglomerates, and Kimberly Clark, one of the world's largest FMCG companies, established a GCC-wide joint venture in Bahrain in 1994 to manufacture and export to the the entire region. Due to continued success, Olayan Kimberly Clark Bahrain has since expanded twice in 2011 and in 2015.

Products and services: Jumbo tissue rolls (Kleenex), feminine napkins (Kotex), baby diapers (Huggies).

Number of employees: 300

Downstream aluminium

Bahrain has the most developed downstream aluminum industry in the region and is leveraging its expertise with plans to establish a new molten metal park close to Alba, to attract new aluminum downstream projects.

❖ Alba

Incorporated in 1968, Aluminium Bahrain (Alba) supplies around 50% of its aluminium to Bahraini downstream aluminium industries. With 3,000 employees and average annual production of more than 960,000 tonnes, Alba's facility is situated at the heart of a proposed state-of-the-art aluminium park. The company manufactures a wide range of products, including molten aluminium, standard ingots, T-ingots, foundry ingots, extrusion billets and rolling slabs. Alba exports 20% of its output to the GCC and the Middle East, with the remainder going to Europe and the Far East.

❖ Midal Cables

Midal Cables began life in 1977 as a Bahraini/Saudi joint venture between Intersteel, Bahrain and Olex Cables, Australia. With more than 1,000 employees in Bahrain, the company annually produces around 60,000 tons of electrical cables and conductors: these are in the form of rods, wires, alloys, cladding and tubes. Midal principally export its products to the GCC, Middle East, Far East and Europe, but has customers in the USA, Canada, Peru and Australia.

❖ GARMCO

Incorporated in 1986, GARMCO (Gulf Aluminium Rolling Mill Co.) has the largest downstream aluminium facility in the Gulf for rolling, cutting and fabricating aluminium. Its 765 employees produce a wide range of aluminium products, including aluminium sheets cut to length, coil sheets, narrow coils and circles, as well as aluminium foil. The company has around 2,200 customers in more than 43 countries and exports 75% of its output outside the GCC.

❖ BALEXCO

BALEXCO (Bahrain Aluminium Extrusion Co.) established the Gulf's first aluminium extrusion plant in 1977. Today, it produces 33,000 tons of high quality extrusions and systems, used mainly in aluminium doors, window frames and other products for the construction industry. It employs 268 people in Bahrain and exports to regional markets.



Chemicals and plastics

❖ BASF

In 2012, BASF, the world's largest chemical company, established in Bahrain its first wholly owned investment in the Middle East, with a plant producing customer-specific antioxidant blends (CSB) for plastics additives. The BIIP facility, the largest of its kind worldwide, offers tailored additives-blends and supports growth of the polymer industry across the GCC. It exports 95% of its output to Saudi Arabia and 5% to Kuwait and South Africa.

❖ JBF Industries

The largest manufacturer of polyester film in India, JBF produces polyester chips, bottle-grade resins, PET film and many other applications. With 300 employees in Bahrain, the company produces 90,000 tonnes of polyester (BOPET) film at its BIIP facility. JBF products in Bahrain are used as a raw material in more than 50 applications including flexible FMCG packaging, LCD display screens, solar panels, pharma packaging, construction material, laser printing, textile products, electrical cables, car window films, and adhesive tapes. JBF exports more than 50% of its output to the USA.

❖ BFG

BFG International is a market leader and products innovator in the global composites industry for more than four decades. They are a global leader in the production of reinforced fiberglass composites for the transport, aviation and construction sectors with over 2,000 skilled employees around the world.

Packaging

❖ Manama Packaging Industry

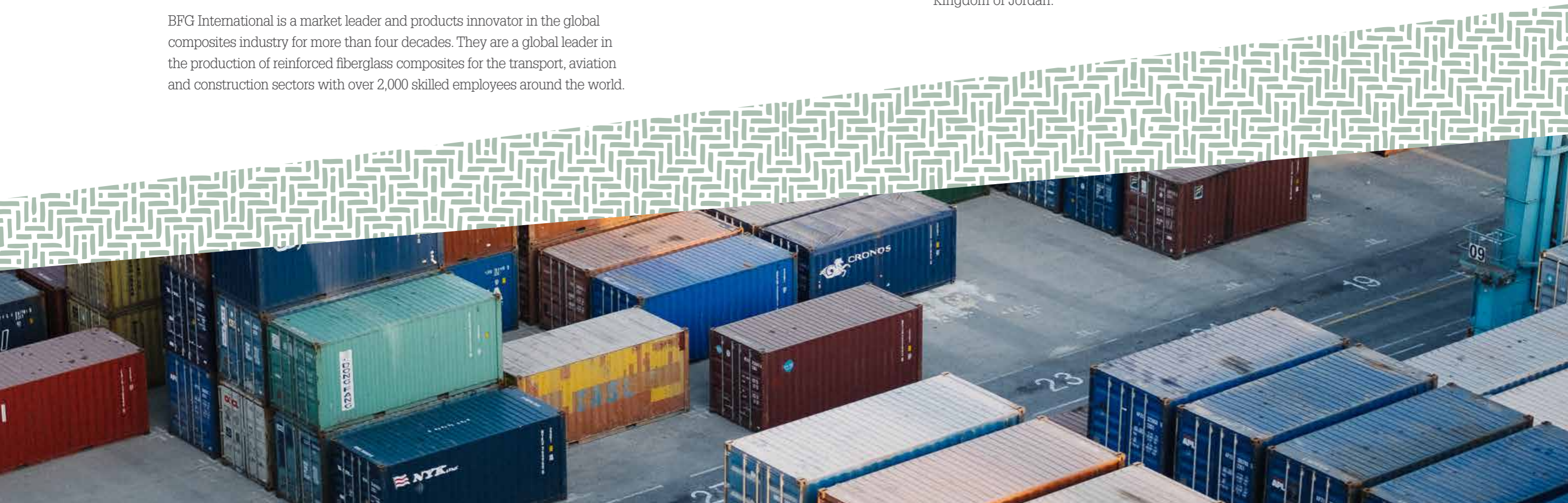
MPI has been producing flexible packaging in Bahrain since 1997. Manama Packaging Industry is one of the largest PE (polyethylene) film manufacturers in the Gulf and a leader in flexographic (flexo) and roto-gravure (roto) printing at the highest quality. The company exports to all GCC countries and the wider Middle East.

❖ Chemco group

Chemco is a leading manufacturer of PET (Polyethylene Terephthalate) preforms in Asia with a 26% market share, including exports. At its base in Bahrain International Investment Park, the company annually converts 4,500 tonnes of PET into bottles and jars, and counts Reckitt Benckiser, PepsiCo and Coca-Cola among its key clients.

❖ Bahrain Pack

Established in 1993 as United Paper Industries, Bahrain Pack manufactures all kinds of corrugated paper cartons, printed and non-printed. The company has more than 70% market share in Bahrain with high-value clients in Saudi Arabia, Kuwait and Qatar, and beyond the GCC in the Kingdom of Jordan.



Logistics and distribution

✦ DHL

Bahrain International Airport has been DHL's regional hub for MENA and Eastern Europe for 40 years with more than 1,200 employees based in Bahrain.

✦ Agility

Agility is the Middle East's largest logistics provider. The company's core commercial business include air, sea and road freight forwarding, warehousing, distribution and specialised services in project logistics, chemical logistics, fairs and events, and fuel logistics. Agility is the largest 3PL in Bahrain and has more than 200 employees.

Products and services: Global Integrated Logistics.

Market coverage: Emerging markets.

✦ Schmidt Middle East Logistics

Part of German-based Schmidt Group, Schmidt Middle East Logistics has built a regional dry bulk distribution logistics hub at the Bahrain Logistics Zone.

✦ Aramex

Established in 1983, as an express operator, Aramex now employs more than 200 people in Bahrain and 13,900 people at over 350 locations across 60 countries, and has a strong alliance network providing a worldwide presence.

Products and services: International and domestic express delivery, freight forwarding, logistics and warehousing, records and information management, e-business solutions, online shopping.

Industrial services

✦ Yokogawa

Operational in Bahrain since 1990, Yokogawa is an electrical engineering and software company that focuses on measurement, control and information technologies. Its facility imports, assembles and tests components, including pressure and temperature transmitters. Yokogawa conducts most of its business in Saudi Arabia and the UAE, with local customers including Bahrain National Gas (Banagas) and Bapco.

✦ SMS Meer

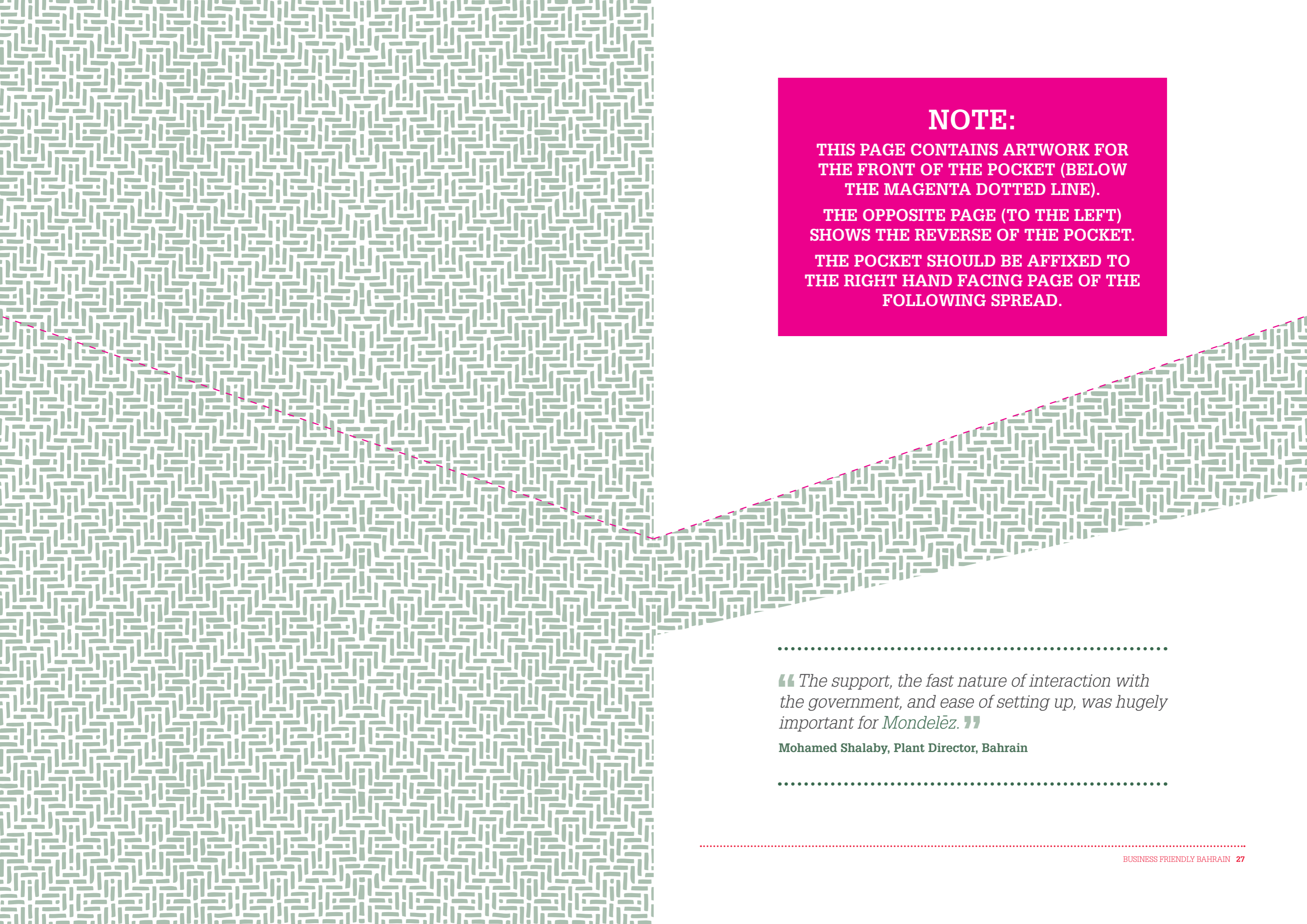
Part of SMS Group, SMS MEER specialises in metallurgical plants and machinery. It was the sixth German company to locate at the BIIP to serve the GCC. The company has a facility at the Baytik Industrial Oasis within the BIIP offering engineering services, technical service support, repair and refurbishment. Within Bahrain, Sulb, Garmco, Balxco and Alba are key customers.

✦ ASRY

Established in 1977, ASRY (Arab Shipbuilding & Repair Yard) is the most experienced marine repair facility in the Arabian Gulf. Based in Hidd, it operates largest shipping yard in the region with the potential to accommodate new marine industrial service contractors. Facilities include a 500,000 dwt (deadweight tonnage) dry dock, floating docks, repair berths and slipways, as well as workshops and service centres.

✦ MTO Corporation

Singapore-based MTO is considered one of the world's leading engineering solution providers for oilfield equipment and drilling contractors companies. Its focus activity in Bahrain is on manufacturing, rebuilding and repairing equipment used in blow-out preventers – key precision safety devices used on land and offshore oil and gas rigs. MTO's main target markets are Saudi Arabia, Kuwait, UAE and Iraq.



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THE OPPOSITE PAGE (TO THE LEFT) SHOWS THE REVERSE OF THE POCKET.

THE POCKET SHOULD BE AFFIXED TO THE RIGHT HAND FACING PAGE OF THE FOLLOWING SPREAD.



“The support, the fast nature of interaction with the government, and ease of setting up, was hugely important for Mondelēz.”

Mohamed Shalaby, Plant Director, Bahrain



Contact the Bahrain EDB: We make entry easier

As part of a no-cost practical facilitation service for first-time investors, our sector specialists can help analyse factors such as costs, infrastructure, workforce requirements, regulatory, legal and tax issues, market opportunity and ease of registration.

In addition, we can act as your first point of contact in the Kingdom and discuss incentive packages to make setting up even more attractive. We strive to understand your objectives and respond efficiently with all the information you need to get up and running.

• Who we are

The EDB is a dynamic public agency responsible for attracting inward investment into Bahrain and works with government and both current and prospective investors to enhance Bahrain's investment climate, communicate its key strengths and identify opportunities for further economic growth.

• How to get in touch

For all investment enquiries, please email us at investorenquiries@bahrainedb.com or visit www.bahrainedb.com. You can also call us on +973 175 89 999 for general enquiries. Our business hours are Sunday to Thursday, 8am to 4pm (GMT +3hrs).



Contact us

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For more information on the Kingdom of Bahrain, visit www.bahrain.com

