



REGIONAL PIONEER GLOBAL PLAYER



Annual Report 2010

Bahrain Economic Development Board

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Bahrain Economic Development Board

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His Royal Highness, Prince
Khalifa bin Salman
Al Khalifa

The Prime Minister of
the Kingdom of Bahrain



His Majesty King
Hamad bin Isa
Al Khalifa

The King of the Kingdom
of Bahrain



His Royal Highness, Prince
Salman bin Hamad
Al Khalifa

The Crown Prince
& Deputy Supreme Commander

At A Glance

Profile

The Economic Development Board (EDB) is a dynamic public agency with overall responsibility for formulating and overseeing the economic development strategy of the Kingdom of Bahrain, and for creating the right climate to attract direct investment into the Kingdom, in order to provide greater opportunities and enduring prosperity for all Bahraini citizens.

The role of the EDB is to provide leadership by uniting all of Bahrain's stakeholders under the Economic Vision 2030, and to develop key strategies for growth. The Board also acts as a facilitator, helping all stakeholders to understand and adopt the changes necessary for progress. In addition, the EDB provides sound project management to ensure that all agreed reform initiatives are implemented in an effective and timely manner.

In line with its responsibility for attracting inward investment into Bahrain, the EDB is focusing on a number of target economic sectors in which the Kingdom offers significant strengths. These include financial services, downstream industries, tourism, business and professional services, logistics, healthcare, and education and training.

Under the guidance of HRH Prince Salman bin Hamad Al Khalifa, the Crown Prince and Chairman of the Economic Development Board, the EDB is responsible for transforming Bahrain's Economic Vision 2030 into reality through the implementation of actionable initiatives that will directly benefit all citizens of the Kingdom of Bahrain.

Vision

We are dedicated to raising living standards by creating greater opportunities for our citizens, and to make Bahrain the Gulf's most welcoming business-friendly location. We will accomplish these goals by working in partnership with the public and private sectors, and by being passionate, professional and innovative in all that we do.

Mission

To grow and diversify Bahrain's economy by developing a strategy that supports the advancement of a modern and liberalised business environment, encourages inward investment, and enables us to compete in the global marketplace.



مجلس التنمية الاقتصادية

البحرين

BAHRAIN

ECONOMIC DEVELOPMENT BOARD

Chairman's Statement

“BAHRAIN'S YOUNG GENERATION IS WELL QUALIFIED TO TAKE THE NEXT IMPORTANT STEPS REQUIRED TO ENSURE A BRIGHT FUTURE, WHICH WILL PROVIDE OPPORTUNITIES FOR ALL CITIZENS.

WE REALISE THAT WE STILL HAVE A LONG WAY TO GO, AND ACCORDINGLY, THE EDB IS COMMITTED TO PROVIDING ALL NECESSARY SUPPORT AND DIRECTIVES TO ACHIEVE OUR AMBITIOUS OBJECTIVES FOR THE SUCCESSFUL OUTCOME OF THE EDUCATION SYSTEM IN BAHRAIN.”



Prince Salman Bin Hamad Al Khalifa
Crown Prince and Deputy Supreme Commander
Chairman of the Economic Development Board

During 2010, Bahrain's economy grew at a level that exceeded the growth achieved in 2009. This provided continued evidence that the underlying fundamentals on which the national economy is based, remain sound and strong.

Such progress would not have been achievable without the insightful leadership and directives of His Majesty King Hamad Bin Isa Al-Khalifa, and the full cooperation and support of the Government led by His Royal Highness Prince Khalifa Bin Salman Al Khalifa, the Prime Minister.

Bahrain's economy has proved its ability to withstand the enormous negative impact of the global economic crisis. All sectors in the national economy achieved notable growth during 2010, and maintained the progress achieved over previous years.

While taking pride in this accomplishment, we fully appreciate the need to continue enhancing and strengthening our economic progress for the betterment of the Kingdom and all our citizens.

I am pleased to report that the Kingdom of Bahrain succeeded in improving its ranking in most of the major economic, financial, and social indices during the year. This clearly illustrates the successful approach followed by the kingdom in all key areas of development.

Throughout 2010, the Economic Development Board focused on reviewing and further developing its key agendas, from both a strategic and operational perspective. This included updating the National Economic Strategy to take in consideration all recent developments in the local, regional and international environment. To support these endeavours, the EDB continued to communicate regularly with all concerned partners.

We also concentrated our efforts on the completion of the reforms and development programmes that the EDB has initiated over the past ten years, in collaboration with the Government and its concerned authorities. These include major initiatives to develop the key sectors of education, health and housing, and the labour market.

A great deal has been achieved in developing the education sector, thanks to God's blessing and the commitment of Bahrain to education as a key tool of advancement. However, we realise that we still have a long way to go, and accordingly, the EDB is committed to providing all necessary support and directives to achieve our ambitious objectives for the successful outcome of the education system in Bahrain.

Another main achievement in 2010 was the establishment of the National Health Regulatory Authority, which has already started implementing plans to upgrade the health sector in Bahrain, and to encourage greater involvement of the private sector. At the same time, the EDB worked closely with the Ministry of Housing and other concerned parties in the public and private sectors to produce a solution for meeting the housing needs of the Kingdom, in order to shorten the waiting time to receive housing services to a period not exceeding five years.

The EDB also worked closely with the Government to establish more efficient patterns of Government spending and its distribution. This initiative is also aimed at managing spending to achieve the required equilibrium to address the needs of both existing and future generations.

Another notable achievement in 2010 was our success in attracting more international companies to invest and set up business in Bahrain, and therefore provide further added value for the national economy, especially by creating new well-paid employment and career opportunities for Bahrainis.

The year also witnessed additional major international events being hosted by Bahrain. This is a trend that we are committed to developing, through the provision of continued support and incentives to bring additional keynote events to the Kingdom.

We fully realise the major challenges that face the Kingdom, but we look to the future with renewed confidence and optimism. Bahrain's young generation is well qualified to take the next important steps required to ensure a bright future, which will provide opportunities for all citizens. In addition, the economy of Bahrain is built on sound fundamentals and promising potentials, which we will utilise to move closer to achieving the goals encompassed in the Economic Vision 2030.

The prosperity and well-being of Bahrain and its people will always lie at the heart and soul of the Economic Development Board. We pray that Almighty God will continue to guide us along the right path to ensure the future prosperity and economic progress of the Kingdom.

Prince Salman Bin Hamad Al Khalifa

Crown Prince and Deputy Supreme Commander
Chairman of the Economic Development Board

Board of Directors



CHAIRMAN

**His Royal Highness, Prince
Salman bin Hamad Al Khalifa**
Crown Prince & Deputy Supreme
Commander

MEMBERS

**H.H. Sh. Mohammed bin Mubarak
Al Khalifa**
Deputy Prime Minister

H.H. Sh. Ali bin Khalifa Al Khalifa
Deputy Prime Minister

**H.H. Sh. Abdulla bin Hamad
Al Khalifa**
President of the General Commission for
Protection of Marine Resources, Wildlife
and Environment

**H.H. Sh. Nasser bin Hamad
Al Khalifa**
Chairman of the Royal Charity
Organisation

H.E. Jawad bin Salem Al Arrayed
Deputy Prime Minister

**H.E. Sh. Khalid bin Abdulla
Al Khalifa**
Minister of Prime Minister's Court

H.E. Dr. Hassan bin Abdulla Fakhroo
Minister of Industry & Commerce

H.E. Fahmi bin Ali Al Jawoder
Minister of Works

H.E. Dr. Majed bin Ali Al Nuaimi
Minister of Education

**H.E. Sh. Ahmed bin Mohammed
Al Khalifa**
Minister of Finance

**H.E. Sh. Ebrahim bin Khalifa
Al Khalifa**
Minister of Housing

**H.E. Dr. Majeed bin Mohsen
Al Alawi**
Minister of Labour

H.E. Dr. Abdul Hussain bin Ali Mirza
Minister of Oil & Gas Affairs

H.E. Rasheed Mohammed Al Meraj
Governor, Central Bank of Bahrain

**H.E. Dr. Fatima bint Mohammed
Al Balooshi**
Minister of Social Development

Under the guidance of HRH Prince Salman bin Hamad Al Khalifa, the Crown Prince and Chairman of the Economic Development Board, the EDB is responsible for transforming Bahrain's Economic Vision 2030 into reality through the implementation of actionable initiatives that will directly benefit all citizens of the Kingdom of Bahrain.



H.E. Sh. Khalid bin Ali Al Khalifa
Minister of Justice

H.E. Sh. Ahmed bin Attiyatallah Al Khalifa
Minister of Cabinet Affairs

H.E. Dr. Faisal bin Yaqoob Al Hamar
Minister of Health

H.E. Dr. Juma Al Kaabi
Minister of Municipality & Agriculture

H.E. Sh. Mai bint Mohammed Al Khalifa
Minister of Culture & Information

H.E. Dr. Essam Abdulla Fakhro
Chairman, Bahrain Chamber of Commerce & Industry

Mr. Sameer Abdulla Nass
Chief Executive, Nass Group

Mr. Talal Ali Al Zain
Chief Executive Officer, Mumtalakat Holding Company

Mr. Jawad Habib Jawad
Senior Partner, Jawad Habib Group

Mr. Adel Hussain Al Maskati
Managing Director, Al Maskati Commercial Services

Mr. Atif Ahmed Abdul Malek
Chief Executive, Arcapita Bank

Mrs. Elham Abdulla Hassan
Country Senior Partner, PricewaterhouseCoopers

Mr. Tariq Jalil Al Saffar
Chief Executive Officer, Harbour Investment Holding

Mr. Jalal Ahmed Al Aali
Chief Executive, Ahmed Mansoor Al Aali Co.

Mohammed Al-Shroogi
President, Gulf Buisness Investcorp

Chief Executive's Report



Sh. Mohammed bin Essa Al Khalifa
Chief Executive

THE EDB MADE EXCELLENT PROGRESS IN IMPLEMENTING ITS KEY ROLE DURING 2010. THIS ENTAILS DEVELOPING AN INNOVATIVE STRATEGY FOR GROWING AND DIVERSIFYING BAHRAIN'S ECONOMY; ENHANCING THE BUSINESS ENVIRONMENT THROUGH TRANSFORMING GOVERNMENT PERFORMANCE; AND MARKETING BAHRAIN GLOBALLY TO ENCOURAGE INWARD INVESTMENT.

In what proved to be yet another challenging year, I am pleased to report that the Economic Development Board achieved a successful performance in 2010, when measured in terms of both strategic and operational developments.

Strategic progress

The EDB made excellent progress in implementing its key role during 2010. This entails developing an innovative strategy for growing and diversifying Bahrain's economy; enhancing the business environment through transforming government performance; and marketing Bahrain globally to encourage inward investment. Through such activities, the EDB acts as a catalyst for elevating the national standard of living and creating more employment and business opportunities for Bahrainis.

The strategic achievements of the EDB are detailed in the following sections of this annual report, so I will just provide a brief summary here:

Bahrain's economy is forecast to grow at a little over four per cent in 2010 from three per cent the previous year; with further

expansion and diversification taking place in key growth sectors such as financial services, steel and aluminium, manufacturing, ICT and the services industry.

Significant reform initiatives were implemented in the critical areas of education, healthcare and housing; while successful marketing activities resulted in additional high-value companies and financial institutions in key growth areas being encouraged to set up business in the Kingdom. Given that 2010 was the first year after one of the worst recessions in recent times, such a performance constitutes an impressive overall achievement.

Operational performance

Since inception, the EDB has steadily matured as an organisation, evolving its activities from an initial focus on specific reform projects to a more coordinated strategic approach to support its mission. The EDB adopts a flat organisational structure, with empowered staff, and a minimum of bureaucracy and red tape.

Our corporate culture fosters a professional, performance-oriented approach, and encourages an entrepreneurial attitude supported by a spirit of team-work, with all staff working to achieve shared goals.

Economic planning and development

During 2010, the EDB enhanced its national economic planning and policy making capability. A key initiative was the publication of the inaugural Annual Economic Review – the first of its kind to be issued by agency inside Bahrain – which is supplemented by regular Bahrain Economic Quarterly reviews.

Public sector projects

The EDB monitored the progress of over 40 completed implementation plans in 2010, and reported their progress on a regular basis to the EDB Executive Committee. To facilitate timely reporting, a customised online tool was developed for government entities to enter their progress updates in a consistent and timely manner.

Business development and marketing

The EDB conducted investment promotion road shows across the USA, France, Germany and India in 2010; and played host to 35 delegations comprising members of the business community from countries including Europe, the USA, North Africa and the Far East.

Global Communications

The EDB organised familiarisation trips to Bahrain for over 30 journalists from France, Germany, Singapore, China, Japan and India; and promoted Bahrain to a wider international audience in 2010, with positive media coverage increasing by 50% over the previous year.

National Communications

Throughout 2010, the Economic Development Board continued to focus on inspiring the younger generation to actively participate in pursuing achievement of the Vision 2030 goals through the Youth Engagement Programme. A notable development was the selection and training of 34 young people as Vision 2030 Youth Ambassadors.

Shared Services

The EDB continued to streamline its support infrastructure during 2010 in order to enhance the professional and specialist services provided by Legal, Finance, Human Resources, ICT and Administration. The EDB aspires to be a performance role model for government institutions and public sector agencies. These achievements illustrate the success of the EDB in implementing the National Economic Strategy to support the realisation of Bahrain's Economic Vision 2030. Throughout 2010, the EDB partnered with the public and private sectors to continue the ongoing transformation of the Kingdom of Bahrain from a regional pioneer to a truly global player. As an agent of change, the EDB is committed to making this happen, and to encouraging a spirit of performance and a culture of pioneering innovation across all government institutions.

Looking ahead

While we take pride in our achievements and progress during 2010, we fully realise that we cannot afford to be complacent. Despite Bahrain's track record of success over the last decade, the Kingdom faces new challenges arising from the aftermath of the global financial crisis. One particularly pressing need is to constrain public spending in order to return to sustainable fiscal surpluses. There are also challenges in the expected growth pattern of industry, in the growth of the Bahraini workforce, in labour productivity and in the expected rate of growth of the foreign workforce in Bahrain. Together, these constitute a challenge to the growth strategy on which the Kingdom has been able to rely over the past few years. Accordingly, Bahrain

needs a new economic growth strategy that relies less on growth in finance and construction and a low-wage foreign guest workforce, and more on the opportunities presented by other high-value growth industries; by innovation and research and development; by the rapid growth of a better educated, young and vigorous Bahraini workforce; and by the abilities that the Kingdom is developing to train Bahrainis for more highly-skilled and demanding jobs in industries competing successfully in the global economy.

Measures to address the fiscal challenge and implement a new growth strategy are encapsulated in the second National Economic Strategy which was developed during the year for implementation in 2011 over the next four years, in line with the new national budget that has been set for this period. The successful implementation of the Kingdom's new growth strategy to respond to the challenges of the new decade will continue to depend on all stakeholders – including ministries and government agencies, civil society and the private sector – working closely together to achieve these goals.

Going forward, we are committed to enhancing the leadership role of the EDB as a catalyst for change. We will increase our efforts in reforming the public sector to make the Government more professional, efficient and accountable; and to encourage the greater participation of the private sector in contributing to the development of the national economy. We remain focused on raising living standards by creating greater opportunities for our citizens, and to make Bahrain the Gulf's most welcoming business-friendly location. This underlines our mission to grow and diversify Bahrain's economy by developing a strategy that supports the advancement of a modern and liberalised business environment, encourages inward investment, and enables us to compete in the global marketplace.

Acknowledgements

In conclusion, I would like to express my gratitude to His Royal Highness Prince Salman bin Hamad Al Khalifa, the Crown Prince and Chairman of the Economic Development Board for his visionary and enlightened leadership; to the Board of Directors for their continued confidence and encouragement; and to our partners in ministries, government agencies, the private sector and society, for their positive collaboration. My thanks are also due to the management and staff of the EDB for their hard work, patience and dedication during the year. Their collective contributions continue to be underlined by a passionate, professional and innovative approach to developing the EDB as a performance-oriented and socially-conscious role model government organisation, dedicated towards achieving sustainable development and progress for the benefit of all citizens.

Sh. Mohammed bin Essa Al Khalifa
Chief Executive

Executive Management



Sheikh Mohammed Bin Essa Al Khalifa
Chief Executive



Kamal Ahmed
Chief Operating Officer



Ausamah Al Absi
Deputy Chief Executive
Special Projects



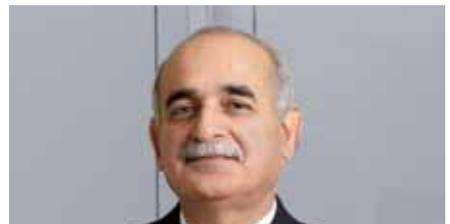
Yousif Khalaf
Chief Legal Advisor



Steven Harrison
International Advisor



Hayam Al Awadhi
Executive Director
Corporate Services



Dr. Jameel Al Alawi
Senior Legal Advisor



Isa Abdulrahman
Director
National Communications



Trevor Stokes
Executive Director
Business Development



Vivian Jamal
Director
Business Development



Boyd Winton
 Director
 Business Development
 Financial Services



Martyn Forrest
 Executive Director
 Projects



Mariam Jumaan
 Director
 Infrastructure Reform



Rana Faqihi
 Director
 Projects



Geoffrey Hancock
 Director
 Education Reform



Stephanie Wong
 Executive Director
 Global Marketing & Communications



Rania Al Shirawi
 Director
 Global Communications



Rima Al Kilani
 Director
 Global Marketing



John Edwards
 Executive Director
 Economic Planning and Development



Salma Waheedi
 Director
 Economic Planning and Development

1986 University of Bahrain



1928 First to open education to women



EDUCATION

BAHRAIN'S HIGHER EDUCATION AGENDA

Education is central to the development of Bahrain as a modern economy, not just for economic reasons alone, but because a better educated citizenry is a mark of a civilized and advanced society.

Continuing to Perform Well

Bahrain Economic Review

BAHRAIN'S ECONOMY CONTINUED TO PERFORM WELL IN 2010, WITH A FIRM UPSWING EVIDENT IN CONSTRUCTION, FINANCE AND MANUFACTURING, AFTER THE GLOBAL DOWNTURN THE PREVIOUS YEAR.

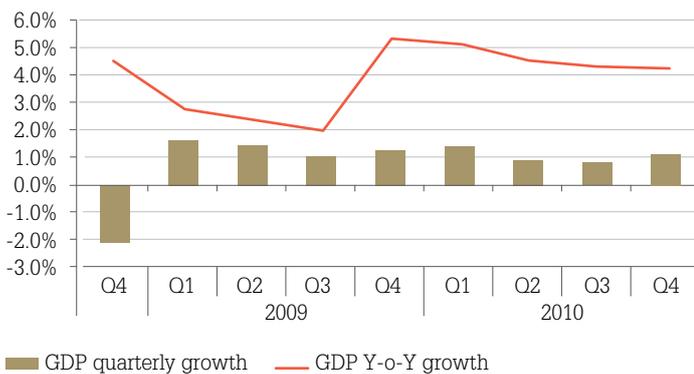
4.5%

Overall real GDP growth was 4.5%, well up on the 3.1% expansion in 2009. The finance sector expanded by over 5% in real terms, demonstrating the value of the sound prudential framework maintained by the Central Bank of Bahrain.

Bahrain's Economy

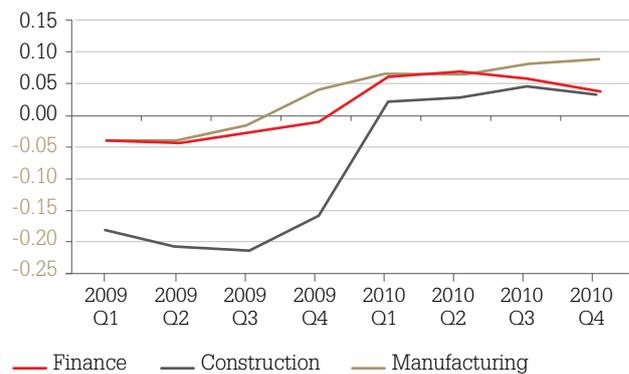
Following a slowdown in 2009 during the global recession, Bahrain's economy expanded at a stronger pace through 2010, with recovery particularly evident in the finance, manufacturing, and construction industries. Over the year construction output expanded 3.2%, finance 5.2% and manufacturing 7.5%, all of which contributed to the improved 2010 GDP growth of 4.5%.

Quarterly GDP growth in constant prices



Source: CIO, EDB analysis

Quarterly YOY Growth



Source: CIO, EDB Analysis

Bahrain witnessed slightly lower inflation in consumer prices in 2010, with an increase of 1.96% in the Consumer price Index (CPI) compared to 2.81% in the previous year. The trend of declining inflation is shown in the chart below.

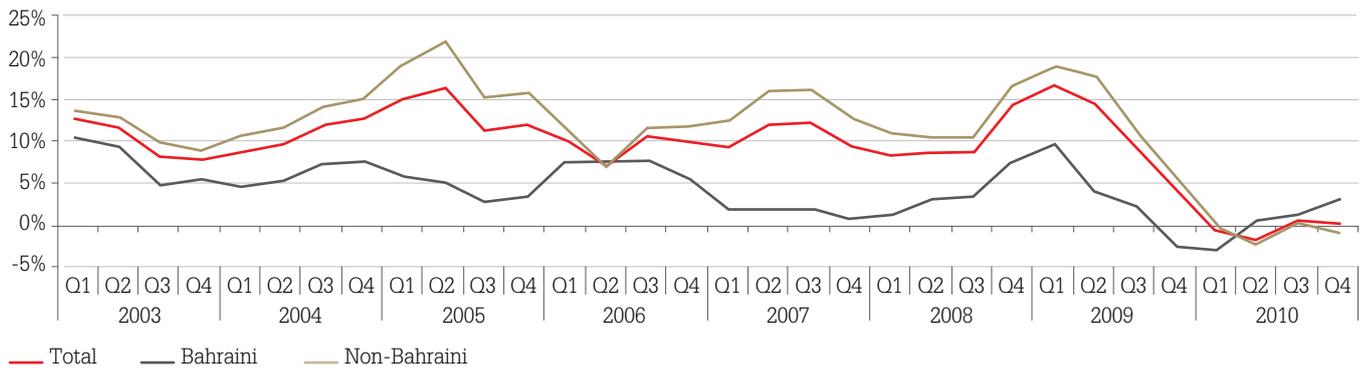
Consumer Price Inflation



Source: Central Informatics Organization (CIO)

While output growth in 2010 was quite firm, employment growth was weaker – indicating a gain in economy-wide labour productivity. By the fourth quarter of 2010 employment was recovering, however, with a somewhat stronger gain in Bahraini employment than non-Bahraini employment. In the fourth quarter of 2010 Bahraini employment had edged up 3%, and non-Bahraini employment -1% compared to the same quarter of 2009.

Employment growth rate year on year Percentage



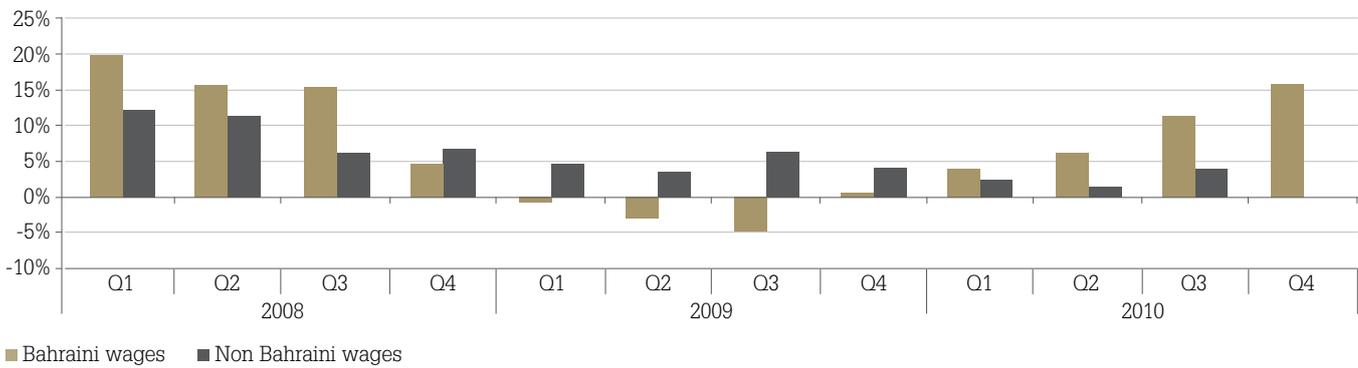
Source: Labor Market Regulatory Authority (LMRA)

Continuing to Perform Well

Bahrain Economic Review

Average wages in Bahrain increased by 11%. The increase was most evident in Bahraini wages, which saw a rise of 16% year-on-year. Non-Bahraini wages grew by 4% in Q4 2010 on a year-on-year basis.

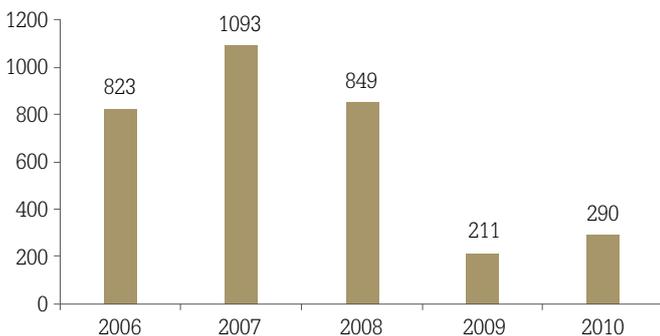
Bahraini and non Bahraini wages Year on Year growth



Source: LMRA

Bahrain's foreign trade data for 2010 showed a 16% year-on-year increase in the Kingdom's total trade, with imports increasing faster than exports. Imports increased by 16% in 2010 compared with 2009. Exports rose by 15% in 2010 compared with 2009, largely due to increasing oil prices and aluminium prices in 2010. Due mainly to lower income from Bahrain-owned assets abroad and low oil prices, the current account balance declined in 2009, however it improved in 2010. The main driver of growth of the current account balance was the recovery in export prices for oil products and aluminium, leading to growth in the current account surplus of 37%.

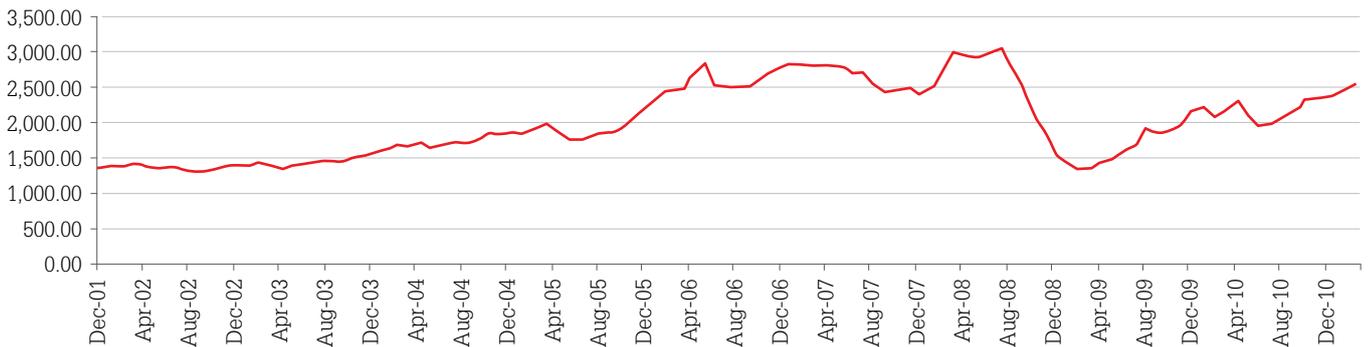
Current Account surplus BD Million



source: CBB, EDB Analysis

Crude oil prices peaked to US\$ 93 per barrel at the end of 2010, which is the highest since mid-2008. Average crude oil prices in 2010 increased by 28% compared with 2009, while average aluminium prices increased by 41% on a year-on-year basis. With copper prices trading at new record highs, aluminium is on course to register global demand growth in 2010 in excess of 20%, a marked turnaround from the 8% fall seen in 2009, and the best year-on-year growth in 30 years.

Aluminium Monthly Prices (USD per Metric Ton)



Source: International Monetary Fund (IMF) via Index Mundi

Several factors aided GDP growth through 2010. Like the rest of the GCC region, Bahrain's GDP growth was assisted by the recovery in oil prices from the lows registered in the immediate aftermath of the global financial crisis in the fourth quarter of 2008. Government spending in Bahrain was sustained through the downturn, to some extent offsetting the downturn in private sector investment. The downturn in construction and real estate proved to be shallower than elsewhere within the GCC, no doubt because the previous boom had been more temperate. Bahrain was also assisted by a recovery in the price of aluminium, a major manufactured export. Within the finance sector, wholesale banking remained slow but insurance, funds management and retail banking expanded.

Over the year interest rates were little changed. The US dollar peg meant that the Bahrain Dinar eased a little against the Japanese Yen and Chinese Yuan over the year, and was volatile against the Euro. Fiscal policy supported demand, with a somewhat higher deficit for 2010 than 2009 and continued growth in expenditure.

Benchmarking Bahrain

Global Rankings, Awards and Recognition

IN 2010, BAHRAIN RECORDED IMPRESSIVE PROGRESS IN ECONOMIC, FINANCIAL, BUSINESS AND SOCIAL GLOBAL RANKING REPORTS; RECEIVED FURTHER MAJOR INTERNATIONAL AWARDS IN FIELDS INCLUDING BANKING, ICT AND CORPORATE SOCIAL RESPONSIBILITY; AND CONTINUED TO BE RECOGNISED WORLDWIDE FOR ITS EFFORTS IN THE QUALITY OF LIFE, WOMEN'S RIGHTS AND RELIGIOUS FREEDOM.

The Kingdom's significant progress in internationally-recognised indices in 2010 validates the investment being made to diversify the economy, strengthen the business environment, encourage further private sector growth, and create better opportunities for Bahrainis. Overall, the Kingdom has made considerable progress and excelled in many areas. These independent findings reflect the success of a decade of significant economic and social reforms and initiatives.

10th

The Kingdom of Bahrain is the 10th most economically-free nation in the world and the 1st in the MENA region, according to the 2010 Annual Index of Economic Freedom published by The Heritage Foundation and the Wall Street Journal.

37th

Bahrain is the 37th most competitive country in the world out of 139 countries, a rise of one place from 2009, according to the Global Competitiveness Index produced by the World Economic Forum (WEF).

Economic Freedom

The Kingdom of Bahrain is the 10th most economically-free nation in the world and the 1st in the MENA region, according to the 2010 Annual Index of Economic Freedom published by The Heritage Foundation and the Wall Street Journal. The Kingdom was up three places from last year, to one behind the United States and six ahead of the United Kingdom. This is the 17th consecutive year in which Bahrain has taken the top regional spot.

Bahrain is also ranked 1st as the most economically-free Arab nation in the 2010 Economic Freedom of the Arab World Report published by The Fraser Institute, having topped the index in each of the seven years since it was first published.

Financial Development

In the 2010 Financial Development Index published by the World Economic Forum (WEF), Bahrain rose four places to be ranked 23rd out of 57 global economies and the 2nd in the Gulf. The ability of firms to access capital through loans (1st), private credit (12th), and foreign direct investment (11th) resulted in Bahrain achieving 6th place for Commercial Access.

In terms of Foreign Direct Investment (FDI), Bahrain moved up one position to 23rd out of 141 economies in the Inward Potential Index of the World Investment Report published by the United Nations Conference on Trade & Development.

The Kingdom's wealth fund – Mumtalakat – has the second highest score of MENA investment companies covered by the Sovereign Wealth Fund Institute's quarterly Linaburg-Maduell Transparency Index. For the third year in succession, the Central Bank of Bahrain (CBB) was named 'Best Financial Centre' at the 2010 International Takaful Summit in London. The CBB was also selected to the executive committee of the International Association of Insurance Supervisors (IAIS) for a period of two years, during which Bahrain will act as the representative for the MENA region. Established in 1994, the IAIS represents insurance regulators and supervisors of 190 jurisdictions in 140 countries.

Bahrain was named Best Financial Centre by The Global Investor magazine, a flagship publication of Euromoney Institutional Investor plc. The award, announced at the magazine's 'Future of Capital Markets in the Middle East Summit' was conferred on the Kingdom in recognition of its 'longstanding status as a jurisdiction of excellence for financial services.' The citation also recognised the work of the Central Bank of Bahrain, which is widely recognised as an even-handed, transparent and innovative regulator of the Kingdom's financial services industry.

Doing Business

Bahrain is ranked 28th out of 183 economies in the latest Doing Business Report published by the World Bank and International Finance Corporation. The Kingdom has made it easier for businesses through a number of recent reforms that reinforce Bahrain's status as an attractive business location. These include modernising customs procedures and port infrastructure to facilitate trade, and aligning with international standards through building a new sea port, improving the electronic data interchange system, and introducing risk-based inspections.

The Kingdom is among the fastest in the world in terms of the time it takes to obtain a new construction permit. This takes 43 days, which places Bahrain 4th in the world after Singapore, Korea and the USA. Applicants can download forms, submit applications and building plans, track the status of their applications, and pay bills through online facilities.

The EDB's Business Friendly communications campaign won a prestigious GEMAS Effie MENA Award for its effectiveness in attracting international business to Bahrain. The campaign, which highlights the Kingdom's attractive business environment, took Silver in the Banking, Finance & Insurance category. The Award recognises effectiveness in the marketing communications industry across the Middle East.

Global Competitiveness & Trade

Bahrain is the 37th most competitive country in the world out of 139 countries, a rise of one place from 2009, according to the Global Competitiveness Index produced by the World Economic Forum (WEF). This is based on 12 pillars of competitiveness, including infrastructure, macroeconomic stability, health and education, labour market efficiency, business sophistication and innovation.

The Kingdom also showed solid performance across many indicators of trade enablement, according to the WEF 2010 Global Enabling Trade Index. Bahrain moved up two places to 22nd out of 125 countries worldwide, taking 2nd position in the MENA region.

Benchmarking Bahrain

Global Rankings, Awards and Recognition

Governance & Anti-Corruption

The latest World Governance Indicators of the World Bank shows that Bahrain scores reasonably on a global basis in areas such as regulatory quality and rule of law, and performs well against its peers in its institutional and policy environment.

In February 2010, Bahrain ratified the United Nations Convention Against Corruption (UNCAC) as part of its continuous efforts in promoting transparency, accountability and integrity. The Kingdom ranks 48th out of 178 countries in the Corruption Perception Index published by Transparency International. Bahrain has formed an Anti-corruption Authority under the supervision of the Criminal Investigation Department at the Ministry of the Interior.

Information & Communications Technology (ICT)

Bahrain moved up 8 places (the highest rise of any GCC country) in the 2010 Global Information Technology Report produced by the WEF in cooperation with INSEAD. The Kingdom ranks 29th out of 133 economies, and is placed 2nd in the Gulf. The report's Networked Readiness Index examines how prepared countries are to use ICT effectively.

The Kingdom was also ranked 1st in MENA and 13th out of 192 countries worldwide in the 2010 United Nation's Global e-Government Readiness Survey. In 2010, the e-Government Authority (EGA) was awarded the Information Security Certification – the international standard for protecting the confidentiality, integrity and availability of data. Bahrain also became the first country in Middle East to win an International Organisation for Standardisation (ISO) certification in the e-Government sector.

Bahrain is a regional technology pioneer: it was the first country in the Middle East to install a computer (1978); completely digitize its international phone switches (1992); hold an online referendum (2001); introduce smartcards (2005); fully liberalise its telecoms market (2004); and go nationwide with WiMax wireless networks (2007).

Human Development

Bahrain joined the category of 'Very High Human Development' countries according to the 2010 Human Development Report published by the United Nations Development Programme. The report measures development by combining indicators of life expectancy, educational attainment and income into a human development index (HDI). Since 1980, the Kingdom's HDI scores have increased progressively. In 2010, Bahrain was ranked 39th out of 169 countries, and 3rd in the GCC.

Bahrain was successful in beating the United Nations Millennium Development Goals (MDGs) by five years. The MDGs were originally agreed during the UN Millennium Summit in 2000 to be achieved in 2015. They include promoting gender equality, reducing child mortality, improving material health, combating AIDS and other diseases, ensuring environmental sustainability, and developing a global partnership, among others.

Bahrain's progress was praised as a role model for other countries by a US Congress Forum in Washington. Participants particularly noted the Kingdom's developments in democratic practices, women's rights and religious freedom.

Gender Gap

Bahrain continues to make progress in reducing the gender gap. The Kingdom jumped six places in the 2010 Global Gender Gap Index issued by the WEF, to 110 out of 134 countries, making it 5th in the MENA region and 3rd in the GCC. The Index measures the gender gap in relation to educational attainment, economic participation and opportunity, health and survival, and political empowerment. Bahrain's advancement was due to the improved proportion of female legislators, senior officials and managers, and women holding ministerial positions.

Educational Attainment

According to the 2010 Gender Gap Report issued by the World Economic Forum, Bahrain is ranked 60th out of 134 countries and 2nd in the MENA region for global educational attainment. The Kingdom achieved the highest possible score for enrolment in secondary and tertiary education. An educational pioneer, Bahrain was the first Gulf country to introduce a public school system in 1919, and to open education to women in 1928.

Quality Of Life

The Kingdom ranked among the top 'most thriving' countries in the Middle East in the 2010 Gallup Global Well-Being Report. The report, which took four years to complete, asked respondents to grade their lives on a scale of 0-10, covering when they felt well-rested and well-respected, and experienced smiling and laughter, enjoyment, physical pain, worry, sadness, stress and anger. Bahrain was placed 5th in the region.

According to the third Global Expat Experience Survey commissioned by HSBC Bank International, Bahrain is the 3rd best country to live in the world. Among the main findings of the survey was that career prospects and quality of life do not go hand in hand, but Bahrain was voted an exception. In another survey, conducted online by an independent research company, Bahrain secured 2nd place for overall quality of life and ease of making friends.

Bahrain was named as the Best Country in the Middle East for Mothers by a new report from Save the Children organisation; and the 4th Best Place for Children by the State of the World's Mothers report, which covered 160 countries. The Kingdom was also ranked 25th out of 77 countries in tier 2 of the Complete Mothers' Index, based on women's health, education, and economic and political status in developing nations.

The Arab Shipbuilding & Repair Yard (Asry) was presented with the prestigious Lloyd's List 2010 Award for Corporate Social Responsibility, for its success in matching industrial vigour with care of its workers, the community and the environment.



1980 Since 1980, the Kingdom's HDI scores have increased progressively.

HUMAN

2010 HUMAN DEVELOPMENT REPORT

Bahrain joined the category of 'Very High Human Development' countries according to the 2010 Human Development Report published by the United Nations Development Programme.



2010 In 2010, Bahrain was ranked 39th out of 169 countries, and 3rd in the GCC.

Implementing the First National Economic Strategy

DURING 2010, THE ECONOMIC DEVELOPMENT BOARD MADE EXCELLENT PROGRESS IN IMPLEMENTING THE FIRST NATIONAL ECONOMIC STRATEGY (NES) WHICH WAS DESIGNED TO TRANSLATE THE ASPIRATIONS OF THE ECONOMIC VISION 2030 INTO ACTIONABLE INITIATIVES FOR IMPLEMENTATION.

Launched in 2008, the Economic Vision 2030 defines Bahrain's aspirations for the future. Forward looking, it places Bahrainis right at the heart of the Kingdom's development. Defining the direction for government, society and the economy, the Vision embraces the principles of sustainability, competitiveness and fairness.

35 implementation

At the end of 2009, a total of 35 implementation plans covering areas such as health, education, infrastructure, public sector human resource management, and the regulatory environment, were completed in the Government and Social Sections of the NES.

Implementing the National Economic Strategy

During 2010, the Economic Development Board made excellent progress in continuing to implement the National Economic Strategy 2009-2014, which was introduced the previous year. This was designed to translate the aspirations of the Economic Vision 2030 into actionable initiatives for implementation, with actions and measures needed to achieve those initiatives, and clear responsibilities for each action.

Launched in 2008, the Economic Vision 2030 defines Bahrain's aspirations for the future. Forward looking, it places Bahrainis right at the heart of the Kingdom's development. The Vision concentrates on three main areas, defining the direction for government, society and the economy. It is driven by the philosophy that society and government must embrace the principles of sustainability, competitiveness and fairness to ensure that every Bahraini has the means to live a secure and fulfilling life, and to reach their full potential.

Public Sector Reform

Implementation Plans

During the first year of implementation of the National Economic Strategy (NES), the EDB focused on disseminating the concepts and initiatives of the NES to 17 ministries, institutions and government agencies, in order to prepare the formulation of operational plans for implementation. At the end of 2009, a total of 35 implementation plans covering areas such as health, education, infrastructure, public sector human resource management, and the regulatory environment, were completed in the Government and Social Sections of the NES. Partnerships and clear working relationships were developed with all relevant government entities to further progress the follow-up of all implementation plans, as well as to finalise the method of reporting to the EDB's executive committee.

During 2010, the EDB finished defining the remaining implementation plans that were not completed in 2009, monitored the progress of over 40 completed implementation plans, and reported their progress on a regular basis to the EDB Executive Committee. In addition, the EDB assisted all Government ministries and agencies in finalising their six-year Strategic Plans, which in conjunction with the completed Implementation Plans, were to be used to as a guideline for the review of for the second National Economic Strategy 2011-2014. To facilitate timely reporting, the EDB developed a customised Online Reporting Tool for government entities to enter their progress updates in a consistent manner and on a timely basis. This provides EDB officers with real-time access to such updates, and the ability to generate summary reports that would be presented to the Executive Committee of the EDB.

Latest reforms and initiatives

Bahrain's Higher Education Agenda

Improvements in higher education are a critical success factor for the future of Bahrain. In the shadow of the global financial crisis, with an economy shedding its dependence on oil and with a rapidly growing population, it is estimated that Bahrain will need to create 110,000 new jobs over the next 10 years. Success in achieving this will depend upon the higher education system playing its part by significantly improving the quality of its graduate outcomes, ensuring that its courses and programmes meet the needs of the Kingdom, and that they meet internationally recognised quality standards.

Bahrain urgently needs to ensure that it makes rapid advances to develop:

- A more highly-educated population in which a higher proportion of society has tertiary (academic and vocational) qualifications;
- The skills needed in an increasingly sophisticated and diverse economy;
- A culture of research and innovation to support the Kingdom's economic and social development; and
- A higher education industry, attracting students from both the Gulf region and beyond, which is founded on the quality of the provision and the quality of the regulatory arrangements in the Kingdom.

Responsibility for the achievement of these outcomes rests with all those involved in the higher education sector, including provider institutions such as universities; regulators such as the Quality Assurance Authority for Education & Training (QAAET); policy makers such as the Higher Education Council; and funders, such as the Ministry of Finance.

The Kingdom's new higher education improvement strategy, entitled Bahrain's Higher Education Agenda, was developed to identify what needs to be done, and by whom, to give Bahrain a higher education system that meets the needs of the students and employers, and the country in general.

Education is central to the development of Bahrain as a modern economy, not just for economic reasons alone, but because a better educated citizenry is a mark of a civilized and advanced society. Bahrain's education reforms, which began in 2005 under the guidance of the Education Reform Board, have been systematically addressing the shortcomings in the Kingdom's arrangements, which were either identified in the original diagnostic five years ago, or which have emerged as Bahrain implemented its early education reforms.

To build on these early reforms, the Education Reform Board commissioned the development of a higher education improvement strategy by the Higher Education Policy Institute, Oxford, UK. Following consideration of the existing arrangements, comparisons with countries both in the Gulf and farther afield, and wide-ranging consultation with key stakeholders, Bahrain's Higher Education Agenda was presented to the Education Reform Board for endorsement. All proposed actions in the Agenda were approved in March 2010 by the Board.

Implementing the First National Economic Strategy

These include the University of Bahrain becoming the Kingdom's flagship research university; establishment of Foundation Programmes by all higher education institutions; development of a National Qualifications Framework (and associated Credit Accumulation & Transfer Arrangement); creation of a Bahrain Research Council; and reviewing the funding of public higher education institutions.

Some of Bahrain's educational and training milestones

1919	First public school system in the Gulf
1928	First to open education to women
1976	College of Health Sciences
1986	University of Bahrain
1992	Bahrain Training Institute
2005	Education Reform Board
2006	Higher Education Council
2006	Tamkeen
2008	Bahrain Polytechnic
2008	Bahrain Teachers College
2009	Quality Assurance Authority for Education & Training
2009	School Improvement Programme
2010	National Qualifications Framework
2010	Higher Education Agenda

Bahrain's Healthcare Agenda

Bahrain has made steady progress over the past four decades in establishing a robust healthcare infrastructure, and in providing improved access to primary and secondary care.

However, the Kingdom's growing population, an increase in ageing residents, and a rise in non-communicable diseases due to unhealthy lifestyles, among other challenges, has put increasing pressure on public healthcare facilities in Bahrain. Accordingly, a comprehensive diagnostic study was undertaken by the Economic Development Board and the Ministry of Health in 2010 to identify the strengths and shortcomings of Bahrain's healthcare system in comparison with selected benchmark countries.

Based on the findings of this study, proposals for reform were developed through extensive consultation with all stakeholders. These were then encapsulated in a new strategy for health improvement – Bahrain's Healthcare Agenda – for approval and initial implementation in 2011.

The new Healthcare Agenda has six strategic objectives:

- Sustain the population's health through health promotion and prevention;
- Integrate services throughout the health system;
- Improve the quality framework;
- Provide access for all to healthcare services;
- Enhance the role of the Ministry of Health in policy-making and governance; and
- Ensure health service sustainability.

The strategic objectives are supported by a number of key actions. These include initiatives introduced in 2010, short-term initiatives for implementation in 2011-2012, and longer-term initiatives over the next four years. Together, they form part of Bahrain's long-term Economic Vision 2030 and pave the way for future progress in the Kingdom's health sector.

- Salmaniya Medical Complex and the Psychiatric Hospital were accredited by Accreditation Canada in 2010.
- The National Health Regulation Authority was established in 2010 as a new independent regulator to ensure that standards and quality requirements apply equally across the public and private sectors. The NHRA will gradually introduce new improved standards and policies regarding operations and facilities needs; licensing and approvals for professionals, facilities, drugs and pharmaceuticals; and a set of comprehensive national healthcare quality indicators.
- Implement a national policy framework for the prevention and control of non-communicable diseases by 2011.
- Develop a national action plan to encourage healthy lifestyles by 2011.
- Conduct a study to evaluate strategic funding options by 2011.
- Maximise the potential of the College of Health Sciences in graduating a sufficient number of healthcare professionals through the establishment of the College as an autonomous entity by 2011.
- Implement a warehouse management system by 2011, and develop a policy for procurement and stock management that covers the new strategic warehouse by 2012.
- Establish a health system research unit in the Planning directorate of the Ministry of Health by 2011.
- Establish partnerships with the private sector to reduce the financial burden on the Government, and stimulate the economy through private sector investments in healthcare.
- Implement a strategic plan to address the shortfall in skilled and qualified healthcare professionals in Bahrain, in line with estimated need for 29,000 new health professionals for the public and private sectors over the next 20 years.



Affordable housing projects



Bahrain's Higher Education Agenda



Bahrain's Healthcare Agenda



Implementing the First National Economic Strategy

Housing

There are an estimated 50,000 citizens on low-to-medium-incomes currently on the waiting list for social housing in Bahrain. This will require the Government to enlist the private sector to help deliver this number in a timely manner. Accordingly, the Ministry of Housing entered into dialogue with the private sector to help address this problem. A key initiative in 2010 was the launch of Bahrain's first public-private-partnership (PPP) social and affordable housing project, which is also the first of its kind in the GCC region. The PPP is an integral part of the Government's announcement in October 2010 to invest BD 480 million in building 50,000 homes over the next five years, which will effectively halve the waiting time by citizens for housing in the Kingdom.

At the year-end, a preferred bidder for the PPP was selected through an exhaustive tendering process by the Bahrain Tender Board.

Economic Strategy Development

During 2010, the EDB enhanced its role of national economic planning and policy making to support the national development agenda. A key development during the year was the publication of the EDB's inaugural Annual Economic Review – the first of its kind to be issued by agency inside Bahrain. This provides comprehensive coverage of the Kingdom's economic performance during 2009, together with a review of the previous decade, and expected future challenges. The Review also contains special articles that cover a range of topics such as expected GDP growth over the next two decades; the changing composition of Bahrain's exports; the role of micro, small and medium enterprises in Bahrain's economy; and the oil and gas recovery programme for the Bahrain Field.

The Annual Economic Review is supplemented by the Bahrain Economic Quarterly (BEQ), which reviews the performance of Bahrain's economy in the context of the global and GCC economies. Each edition of the BEQ also features special articles. Topics covered to date include Bahraini women in the workplace; the changing structure of government spending; Bahrain's changing demography; trends in manufacturing output; healthcare spending in Bahrain; evidence of economic convergence for GCC currency union; and innovation, research and development in Bahrain. The annual and quarterly reviews contain comprehensive charts covering key economic indicators, trade, labour market, banking and finance, production, tourism, and Internet connection and mobile phones.

Legal & Governance Framework

The EDB contributes and assists in drafting laws and regulations related to business and investment matters in the Kingdom, and works in coordination with ministries and government agencies in reviewing and amending existing laws and regulations. In addition, the EDB provides opinion on draft laws and regulations proposed by Parliament, as well as the implementation of bilateral and multilateral governance protocols and accords.

Key achievements during 2010 include the following:

- Drafted a law amending the Commercial Companies Law in order to introduce new amendments aimed at facilitating the procedures required for investing in Bahrain.
- Set the legal framework needed to implement the Economic Strategy 2009-2014 by drafting number of bills and decisions, including:
 - Draft Law on Conflict of Laws.
 - Draft Law on Arbitration.
 - Draft Regulation on Leasing State-owned Lands.
 - Draft Law amending Electronic Transactions Law (in cooperation with the Ministry of Industry and Commerce).
 - Draft Law Criminalizing the Conduct of Investment Activities without License (in cooperation with concerned parties).

- Followed up the issuance of bills drafted by EDB, including:
 - Competition Law.
 - Data Protection Law.
 - Computer Crimes Law.
- Draft Law Amending the Law Regulating the Profession of Pharmacists and the Pharmaceutical Centers.
- Followed up on the accession of international conventions, including:
 - Apostille Convention.
 - Convention on Contracts for the International Sale of Goods.

Governance & Anti-corruption

The latest World Governance Indicators of the World Bank shows that Bahrain performs well against its peers in its institutional and policy environment, and scores reasonably on a global basis in areas such as regulatory quality and rule of law. In February 2010, Bahrain ratified the United Nations Convention Against Corruption (UNCAC) as part of its continuous efforts in promoting transparency, accountability and integrity. The Kingdom ranks 48th out of 178 countries in the Corruption Perception Index published by Transparency International. As part on the ongoing implementation of the convention, Bahrain formed an Anti-corruption Authority under the supervision of the Criminal Investigation Department at the Ministry of the Interior.

Bahrain-UK Double Tax Agreement

Bahrain signed a Double Tax Agreement with the United Kingdom (BAH-UK-DTA). The agreement ensures the elimination of double taxation on income and capital gains for enterprises operating in both countries. The agreement is part of continued efforts by the two countries to extend their economic treaty network. It adds to the already signed Treaty of Friendship, Agreement for the Promotion and Protection of investments, and a Memorandum of Understanding on Economic and Technical Cooperation. The BAH-UK-DTA agreement will enhance financial and economic cooperation between Bahrain and the United Kingdom, and encourage greater trade and joint investment. It will help to create a platform for foreign investment in the Bahrain economy, and for Bahraini companies to benefit from the opportunity to expand into overseas markets.

Bahrain Business Laws Programme

To help local and international companies in understanding the different laws regulating economy trade and economy in the Kingdom of Bahrain, the EDB took the initiative to produce The Bahrain Business Laws Programme. An initial CD containing all relevant laws in Arabic and English was launched in 2010, and will be regularly updated.

2010 Salmaniya Medical Complex and the Psychiatric Hospital were accredited by Accreditation Canada in 2010.





HEALTH

BAHRAIN'S HEALTHCARE AGENDA

The National Health Regulation Authority was established in 2010 as a new independent regulator to ensure that standards and quality requirements apply equally across the public and private sectors.

2011 Develop a national action plan to encourage healthy lifestyles by 2011.

Growing and Diversifying Bahrain's Economy

WORKING IN PARTNERSHIP WITH THE PUBLIC AND PRIVATE SECTORS, THE EDB CONTINUED TO FACILITATE THE GROWTH AND DIVERSIFICATION OF BAHRAIN'S ECONOMY IN 2010.

New developments in the areas of oil and gas, steel and aluminium, and commerce and industry, reinforce the Kingdom's status as a pioneering centre for development and growth in the Gulf region, backed by innovative thinking that has fuelled the Kingdom's economic progress.

35%

Alba is the world's fourth-largest individual aluminium smelter by capacity (800,000 tonnes), and currently produces 35 per cent of the GCC's aluminium production.

Metals / Steel & Aluminium

Siemens VAI Manufacturing

First-of-its-kind high-tech venture in the Middle East for the metals industry

A joint-venture between technology giant Siemens and Bahrain-based Unitag, and backed by an initial investment of US\$ 5.6 million, Siemens VAI Manufacturing is being established to provide world class equipment and services for regional and global metal producers. High-quality customised products for the aluminium and steel industries, along with repair services and expertise, will be available. A 25,000 square metre site has been chosen at Baytik Industrial Oasis, located within the new Salman Industrial City. This high-tech venture will create an initial 20 jobs for Bahraini nationals, who will undergo a special nine-month training programme supported by Tamkeen. The

Company is committed to a minimum level of 50 per cent Bahrainisation, as more jobs are created in the future. The first of its kind in the Middle East, Siemens VAI Manufacturing will receive goods from aluminium and steel industries for repair, and will also manufacture vital components for customers in Bahrain, Saudi Arabia, Qatar and the UAE. Major interest has already been shown by other countries such as Indonesia. Currently, metal companies have to send components to the Far East, Europe or the USA for repair. The new Bahrain-based venture will not only cut energy costs, but also shipping times, which will result in less production lost. A field service unit is being established to visit customers to make on-site repairs and provide technical advice.

Gulf United Steel Holding Company (Foulath)

The world's first fully-integrated steel production facility

A major US\$ 1.2 billion steel plant, located in the Hidd Industrial Area of Salman Industrial City, is being developed by United Steel Company (SULB), a joint venture between Bahrain-based Gulf United Steel Holding Company (Foulath) and Japan's Yamato Kogyo Company. The new venture will build a 1.8 million tonnes per annum direct reduction iron (DRI) plant and a 1 million tonnes per annum melt shop and heavy section rolling

mill. Together with Foulath's other investments – the Gulf Industrial Investment Company's iron ore pelletising plant, and the Stainless Steel Company's stainless steel cold rolling plant (the first in the region) – this will create the first steel complex in the world to accommodate the entire steel-making process, from pelletising to final product. The new US\$ 3.5 billion complex will create 1,800 new jobs by the time of its planned completion in 2013, with more than half of the jobs being reserved for Bahrainis, and will be one of the largest employers in the Kingdom. This will enable SULB to be the lowest-cost producer of its kind in the world, and to ensure sustained competitive advantage. Once fully operational, SULB is expected to reduce up to 14 per cent of current imports of medium and heavy beams and structural sections into Middle East markets. The Company will employ around 1,000 people, of whom 70 per cent are expected to be Bahrainis.

In April 2010, HRH Prince Salman bin Hamad Al Khalifa, Crown Prince and Chairman of the Economic Development Board, inaugurated the second iron ore pelletising production line of Gulf Industrial Investment Company, which will more than double production to over 11 million tonnes annually; officially opened the United Stainless Steel Company (USCO), the only stainless steel cold rolling plant in the MENA region; and patronised the establishment of the United Steel Company. Speaking on the occasion, he declared: "This landmark project will turn Bahrain into a steel powerhouse to be reckoned with in the region. This groundbreaking national achievement is the fruit of the economic and industrial renaissance led by His Majesty King Hamad. The development march aims at diversifying sources of income, and opening doors for skilled Bahrainis to seize employment opportunities and enjoy rewarding salaries."

Aluminium Bahrain (Alba)

Listings on Bahrain Bourse and London Stock Exchange

The listing of Alba's ordinary shares on the Bahrain Bourse and global depository receipts (GDRs) on the London Stock Exchange is testament to the increasing role of the Kingdom's private sector as an engine of economic growth. It demonstrates Bahrain's open economy; its long-term strategy to diversify its economy, grow the manufacturing sector; and drive value creation in strategic non-oil and gas assets; and enhance the wealth of the Kingdom. These listings will help to attract foreign direct investment from leading international companies – both to the Bahrain Bourse itself, and to Bahrain as the gateway to the rich potential of the trillion dollar Gulf market. Alba is the world's fourth-largest individual aluminium smelter by capacity (800,000 tonnes), and currently produces 35 per cent of the GCC's aluminium production. In 2010,

average aluminium prices increased by 41 per cent on a year-on-year basis. Aluminium is on course to register global demand growth in 2010 in excess of 20 per cent, a marked turnaround from the 8 per cent fall seen in 2009, and the best year-on-year growth in 30 years.

Oil & Gas

Tatweer Petroleum

Meeting the future energy demands of Bahrain

Bahrain's oil and gas industry entered a new phase of development with the launch of Tatweer Petroleum in the presence of HRH Prince Salman bin Hamad Al Khalifa, Crown Prince and Chairman of the Economic Development Board, in January 2010. Responsible for the stewardship and redevelopment of the Bahrain Field, Tatweer Petroleum's primary goal is to increase the production of oil and the availability of gas to meet the future energy demands of the Kingdom of Bahrain. A joint venture between Nogaholding (the investment arm of Bahrain's National Oil & Gas Authority), Occidental Petroleum Corporation and Mubadala Development Company, Tatweer Petroleum brings together the unique experience, knowledge and expertise of its partners.

The Company will utilise the latest enhanced oil recovery technologies to implement its mission to develop the Bahrain Field to maximise stakeholders' value and contribute to the growth of Bahrain's economy. This will support the vision of Tatweer Petroleum to energise the Kingdom's economic growth and social prosperity in line with Bahrain's Economic Vision 2030. The Company is committed to the highest standards of health, safety and environmental protection, and the training and career development of Bahraini nationals. With an estimated investment of US\$ 15 billion over the next 20 years, Tatweer aims to unlock the potential of the Bahrain Field and triple black oil production and double the availability of non-associated gas. During its first year of operations, the Company increased oil production to a new record of over 35,000 barrels per day (bpd) at the end of 2010, and maintained average availability of non-associated gas at 1.5 billion cubic feet.

Growing and Diversifying Bahrain's Economy

Industry

Salman Industrial City

A new catalyst for industry and commerce

In January 2010, His Majesty King Hamad bin Isa Al Khalifa officially inaugurated the landmark Salman Industrial City, which includes several key areas in the Hidd area, such as the Bahrain Investment Park, Bahrain Investment Wharf, and Hidd Industrial Zone; and is adjacent to the new Khalifa bin Salman Port. The surrounding infrastructure – including Bahrain International Airport and the King Fahd Causeway to Saudi Arabia, plus the planned construction of a new causeway linking Bahrain to Qatar – provides an excellent transport network that reinforces Bahrain's strategic location at the heart of the Gulf. The City already houses 165 companies with a total investment of US\$ 3.5 billion; this is expected to rise to US\$ 7.5 billion in the next few years, and create at least 34,000 job opportunities for Bahraini nationals.

His Majesty expressed his pride and happiness in inaugurating such a pioneering and promising industrial city. 'This city represents a new start for industry in the Kingdom of Bahrain, and constitutes a cornerstone of our development strategies and Bahrain's Economic Vision 2030. It will play a pivotal role as a catalyst for developing industry and commerce, and attracting new foreign direct investment.' Initially named King Hamad Industrial City, His Majesty renamed the iconic development after HRH Prince Salman bin Hamad Al Khalifa, the Crown Prince and EDB Chairman, in recognition of his work and vision to develop the national economy and build a better life for every Bahraini.

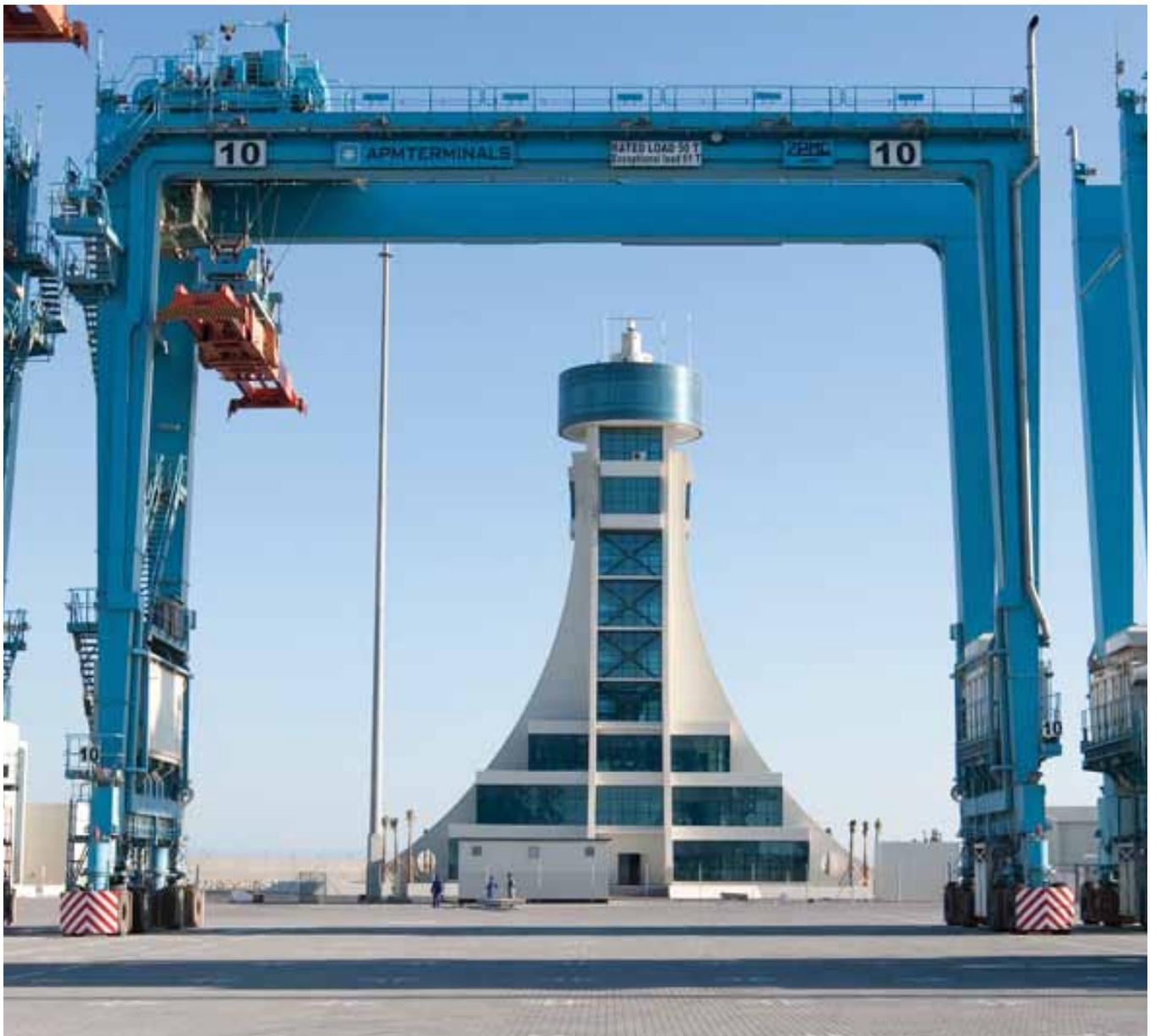
In The Pipeline

- Tanmiyat Aloula Holdings has announced its intention to set up a solar power plant in Bahrain. The US\$ 200 million project will be developed in conjunction with the Economic Development Board and the University of Bahrain, and will include a research and training centre.
- The establishment of a first-of-its-kind Nanotechnological Centre in Bahrain is planned. This will supply ready-to-use products in the Gulf region for use in several areas such as medicine, motor transport and construction. The Centre aims to create a high-tech bridgehead for scientific breakthrough of Bahraini and GCC nanotechnologies.
- Construction of a multi-million-dollar industrial city off the coast of Hidd in Bahrain is planned to commence by the end of 2011. The 600,000 square metres Investment Gateway Bahrain development will house light industrial projects, a business park, showrooms, warehouses and assembly units.
- Mani & Company, one of the Middle East's fastest-growing producers of fruit and nut snacks, has unveiled plans to expand its operations into Bahrain.
- There are also plans for the construction of Bahrain's first sugar refinery at Salman Industrial City in 2011, which will serve local and regional markets.

Aluminium Bahrain
(Alba)



Salman
Industrial City





23rd

Bahrain rose four places to be ranked 23rd out of 57 global economies and the 2nd in the Gulf.

22nd

Bahrain moved up two places to 22nd out of 125 countries worldwide, taking 2nd position in the MENA region.



4th

It takes 43 days to obtain construction permit. This places Bahrain 4th in the world after Singapore, Korea and the USA.

BUSINESS FRIENDLY

DOING BUSINESS

Bahrain is ranked 28th out of 183 economies in the latest Doing Business Report published by the World Bank and International Finance Corporation. The Kingdom has made it easier for businesses through a number of recent reforms that reinforce Bahrain's status as an attractive business location.

Increasing Inward Investment Attracting New Companies

DESPITE THE ONGOING IMPACT OF THE GLOBAL FINANCIAL CRISIS, THE ECONOMIC DEVELOPMENT BOARD WAS SUCCESSFUL IN ATTRACTING 27 HIGH-VALUE COMPANIES WITH THE POTENTIAL TO CREATE MEDIUM AND HIGH-SKILLED EMPLOYMENT OPPORTUNITIES, TO SET UP BUSINESS IN THE KINGDOM OF BAHRAIN DURING 2010.

These companies are active in the targeted key growth sectors of financial services, information and communications technology, manufacturing, professional and business consultancy, aviation services, media, and education and training.

CNBC

CNBC has created a regional hub in Bahrain to cover the Middle East. The hub will coordinate and produce business and financial newsgathering from the region, with a studio and production facility linked to CNBC's global network. The hub will contribute to CNBC's pan-regional programme Capital Connection, which will become tri-anchored live from London, Bahrain and Singapore, four days a week.

The show's remit will be to help global viewers understand the impact of market movements across European, Asian and Middle Eastern borders, on their portfolios, investment strategies and business decisions.

The new show's global reach is considerable, broadcasting to 65 countries and more than 165 million households on CNBC in Europe, the Middle East and Africa, Australasia, and New Zealand; on CNBC Africa; and CNBC World in the United States. CNBC's popular half-hour monthly programme Gateway to the Middle East will also be produced from Bahrain.

Skype

Skype has opened a Middle East and Africa (MEA) representative office in Bahrain. The Company provides software that 'enables the world's conversations'. Millions of individuals and businesses use Skype to make free video and voice calls, send instant messages, and share files with other Skype users. People also use Skype to make low-cost calls to landlines and mobiles.

The opening of an office in Bahrain support the company's global strategy of making Skype available to as many people as possible, with a particular focus on the young tech-savvy population of the Middle East and Africa region.

Cisco

Cisco, the worldwide leader in networking that transforms how people connect, communicate and collaborate, has a heritage of 25 years in technology innovation, operational excellence and corporate social responsibility. In 2010, the company opened an office and Internet Data centre at the Bahrain Financial Harbour. Working closely with the EDB, Cisco is providing advanced strategic ICT initiatives for Bahrain to leverage its advantage as the most diversified economy in the Gulf with the most liberal and advanced ICT infrastructure and policies.

McLaren Automotive

McLaren Automotive has chosen Bahrain for its headquarters. The British high-performance sports car manufacturer will site its head office at Bahrain International Circuit. McLaren Automotive has close links with Bahrain – Mumtalakat Holding Company has a 50 per cent stake in the company, and a 42 per cent stake in McLaren Group.

Orta Anadolu

In 2010, Orta Anadolu took over Manama Textile Mills with the aim of doubling capacity within 12 months. Owned by Turkish business group Karamancı Holdings, Orta Anadolu was established in 1953 as a spinning and weaving factory. It was restructured in 1986 and started to produce denim. With over 1,100 employees, the 156,000 square metre factory has a manufacturing capacity of 45 million metres of fabric.

It is the world's third largest factory in terms of producing jeans and sportswear, supplying leading global brands such as Levis, Tommy, Diesel and GAP. Bahrain's FTA agreement with the USA, zero taxation and 100 per cent ownership were key deciding factors in Orta Anadolu setting up business in the Kingdom.

Siemens VAI Manufacturing

Since 2004, Siemens has been at the forefront of providing innovative technology for the Kingdom of Bahrain. Projects to date include the Bahrain International Circuit, CathLabs at the BDF Hospital's Cardiac Centre, and the Al Ezzel Power Plant. Its latest project involves an initial investment of US\$ 5.6 million to team up with Bahrain-based Unitag to establish Siemens VAI Manufacturing. The new joint-venture will provide world class equipment and services for regional and global metal producers. High-quality customised products for

the aluminium and steel industries, along with repair services and expertise, will be available. A 25,000 square- metre site has been chosen at Baytik Industrial Oasis, located within the new Salman Industrial City. This high-tech venture will create an initial 20 jobs for Bahraini nationals, who will undergo a special nine-month training programme supported by Tamkeen.

Jeeves of Belgravia

Established in 1969, Jeeves of Belgravia is the holder of a Royal Warrant as 'Dry Cleaners to the Prince of Wales'. The London-based garment care company is setting up operations in Bahrain as part of its planned Middle East expansion. The company will establish a 660 square- metre state-of-the-art central production unit in Hidd, which will be one of the most advanced outside the UK, equipped with high-tech equipment from Europe, Japan and the USA. The 100 per cent Bahrain franchise also holds exclusive rights to operate in Saudi Arabia, Qatar, the UAE and Lebanon. Jeeves Bahrain will act as the main training headquarters for all Jeeves staff and technicians across the region. The company has already recruited Bahraini staff, and will train them to the highest possible industry skills.

Unanime Heritage Protection

Established in Lyon in 1994, French-based Unanime architects and engineers have developed an expertise in structural design and diagnosis for the preservation of heritage buildings structures. Unanime has opened an office in Bahrain which will serve as a hub for all Middle East heritage projects. It will be headed by award-winning architect Didier Repellin, who has saved and transformed such iconic buildings as the Villa Medici in Rome, the Antique Theatre in Orange, and the Palace of the Popes in Vaucluse, France. He has also been involved as a consultant in important United Nations Educational, Scientific and Cultural Organisation (UNESCO) projects such as the Great Wall of China. The opening of the Bahrain office results from numerous enquiries for heritage protection in the region.

Increasing Inward Investment

Attracting New Companies

Deloitte Islamic Finance Knowledge Centre

Global consulting firm Deloitte has chosen Bahrain as the location of its new Islamic Finance Knowledge Centre (IFKC). Deloitte, which has been in Bahrain since 1955, has identified the Middle East as a priority market that represents superior growth opportunities for its own business and its clients alike. The company reports impressive revenue growth in the region, with more than 25 per cent annually for the past three consecutive years.

The IFKC will help the firm's clients tap into the growing opportunities and potential of the Islamic finance sector, which is predicted to maintain its growth that has averaged 15-20 per cent over the past three years. IFKC experts will support the firm's Middle East-based audit, tax, consulting, risk and financial advisory professionals.

Global Islamic finance assets are estimated by the IMF to exceed US\$ 260 billion and are expected to grow to US\$ 1 trillion by 2016. Currently, around 60 per cent of those assets are shared by countries in the Middle East, while 80 per cent of the top 50 Islamic banks worldwide are located in the region.

Zurich Insurance Company

The Central Bank of Bahrain has issued a general insurance licence to Zurich Insurance Company (ZIC). Operating from Bahrain, the international firm will expand its activities throughout the Gulf region to provide services to a larger client base. Zurich Financial Services, headquartered in Zurich, Switzerland, was founded in 1884, and has had a presence in Bahrain since 1983 through its subsidiaries, including Zurich Insurance Services (Middle East) and Zurich International Life.

Bank Sarasin-Alpen Bahrain

The Sarasin Group, which has its roots as a Swiss private bank, has been licensed by the Central Bank of Bahrain to establish an office in the Kingdom to offer advisory services to wealthy private clients. The Sarasin Group is incorporated in the GCC and India as Sarasin-Alpen. It operates alongside its investment banking associate, Alpen Capital. The two organisations operate through a simple and successful business model where the investment banking services of Alpen Capital complement the private banking activities of Sarasin-Alpen.

The bank was named 'Best Private Bank in the Middle East' at The Banker Middle East awards ceremony in 2010.

Hyperion Australian Equity Islamic Fund

The Central Bank of Bahrain (CBB) has authorised the formation and marketing of the Hyperion Australian Equity Islamic Fund, the first Shariah-compliant offshore fund comprising Australian stocks.

Investment manager for the fund is Hyperion Asset Management, a Brisbane-based, growth-style manager, whose award-winning core investment team has worked together since 1997. Shariah advisors to the fund are Dr Mohammed Daud Bakar of Malaysia and Sheikh Nizam Yaquby of Bahrain.

The fund is available for 'expert' investors, defined by Bahrain authorities as individuals and institutions that have at least US\$ 100,000 in financial assets, as well as governments and related institutions. The fund is managed in Australian dollars and reported in US dollars. Hyperion uses a proprietary process to manage a high-conviction portfolio made up of a limited set of stocks that meet strict selection criteria for Shariah-compliance and other business attributes.

Bahrain Financial Exchange (BFX)

Regulated by the Central Bank of Bahrain, the Bahrain Financial Exchange (BFX) is set to commence trading in February 2011. BFX is a wholly-owned subsidiary of the Financial Technologies Group, which is a global leader in creating and operating technology-centric, next-generation financial markets. BFX is the first multi-asset exchange to be launched in the MENA region, which is internationally accessible to trade securities, derivatives, structured products, and Shariah-compliant financial instruments. It offers direct access to one of the world's fastest-growing and largest areas of financial liquidity. BFX also offers Bait Al Bursa, its Islamic finance division. The Exchange also incorporates an internationally-accredited training institute BFX-TI.

Talal Abu Ghazaleh Organisation (TAG-Org)

The largest group of professional services firms in the Arab region - Talal Abu Ghazaleh Organisation (TAG-Org) - has established its regional headquarters in Bahrain. TAG-Org is also the leading global intellectual property firm, and a member of the international Forum of Firms of trans-national accounting companies. Through 71 offices across the world, TAG-Org provides professional services in auditing, valuation, management consulting, ICT development, business advisory, training, educational consultancy, capital services, human resources development, real estate consulting, translation, legal services, intellectual property rights protection, and domain name registration.

Munich Airport

Bahrain Airport Company (BAC) has signed an agreement with Munich Airport to support the US\$ 4.8 billion expansion of Bahrain International Airport. The deal, signed at the Bahrain International Air Show, includes operations consultancy, in-the-ground support for new facilities, and development solutions for employees including on-the-job training at Munich Airport itself.

Munich Airport has become one of Europe's leading aviation hubs, and since opening at its present location, airfreight volume has increased by 300 per cent, with passenger figures increasing to 34.5 million. There are clear synergies with BAC's plans to significantly bolster Bahrain International Airport's standing as a regional hub in the Middle East.

The goal is to treble annual passenger capacity from 9 million to 27 million over the next 30 years, and to establish the Airport as a base for global logistics suppliers and freight forwarders. Bahrain International Airport will house Cargo Oasis – an expanded handling facility that will treble international cargo to a capacity of one million tonnes per annum, comparable with London's Heathrow Airport.

The deal reflects the close commercial and economic relations between Bahrain and Germany. The two countries share a number of agreements including a memorandum of understanding on trade and industrial cooperation signed in 2006, and an agreement to protect bilateral investments signed in 2007. German companies such as Allianz Group and technology leaders Siemens and Software AG are becoming increasingly active in the Kingdom.

Investment Promotion MoU with France

The Economic Development Board and the Greater Paris Investment Agency have signed a memorandum of understanding to jointly promote France and Bahrain as regional business hubs, and facilitate bilateral investment. The MoU will see the two organisations working in partnership to present France and Bahrain as ideal bases for investors looking to access the European and Gulf markets. Both parties will facilitate investment and partnerships between respective business communities.

Under the deal, there is also an agreement to work with the relevant authorities to ease doing business between the two nations, and the hosting of workers, researchers and students from each country. A number of French companies have already chosen Bahrain as a regional base, including BNP Paribas.

In 2009, GDF Suez, the French-based energy company, along with Gulf Investment Corporation, completed limited recourse financing for the US\$ 2.1 billion Al Dur Power water and power producer (IWPP) project – the largest privately-owned industrial project in Bahrain.

Placing Bahrain Firmly Centre Stage

DURING 2010, THE EDB CONTINUED TO FLY THE FLAG ABROAD; LEADING BAHRAIN DELEGATIONS TO MAJOR GLOBAL EVENTS SUCH AS THE ANNUAL WEF MEETINGS, AND BRINGING THE WORLD TO BAHRAIN; HOSTING PIONEERING CONFERENCES AND KEYNOTE REGIONAL EVENTS RANGING FROM SECURITY, EDUCATION AND FINANCE TO TECHNOLOGY, SPORTS AND CULTURE.

Flying the flag abroad

World Economic Forum – Davos

A Bahrain delegation, led by HRH Prince Salman bin Hamad Al Khalifa, the Crown Prince and Chairman of the Economic Development Board, attended the 40th annual meeting of the World Economic Forum at Davos, Switzerland, in January 2010. The Bahrain delegation included senior figures from the Government, the EDB and the private sector. This global summit was a timely gathering of the foremost global leaders for whom reviving economic growth was a key priority. Themed 'Improve the State of the World: Rethink, Redesign, Rebuild', the event was a call to action, seeking to encourage global cooperation across business, government, the media, science, religion, the arts and civil society, to shape the global agenda for 2010.

HRH the Crown Prince contributed to a panel discussion on what elements of market capitalism should be rethought in light of the global recession. HE Shaikh Mohammed bin Essa Al Khalifa, Chief Executive of the EDB, spoke on what could be done to assist countries seeking to increase job creation; and Mr Talal Al Zain, CEO of Mumtalakat Holding Company, offered his thoughts on how businesses could finance capital investments in an era of global deleveraging.

Members of the Bahrain delegation included: HE Shaikh Ahmed bin Mohammed Al Khalifa, the Minister of Finance; HE Dr Nezar Al Baharna, Minister of State at the Ministry of Foreign Affairs; HE Rashid Al Maraj, Governor of the Central Bank of Bahrain; HE Nada Haffadh, Member of the Consultative Council of Bahrain; HE Dr Essam Fakhro, Chairman of the Chamber of Commerce & Industry; Mr Samar Al Majali, CEO of Gulf Air; Shaikh Khalifa bin Daij Al Khalifa, President of the Court of the Crown Prince of Bahrain; and Mr Elham Hassan, Country Senior Partner, PriceWaterhouseCoopers.

WEF Marrakesh, Morocco

A Bahraini delegation of senior figures from the Government, the EDB and the private sector, attended the 2010 World Economic Forum-MENA meeting at Marrakech, Morocco, in October 2010. The main event 'Purpose, Resilience and Prosperity' was preceded by a summit on 'The Future of Education'.

HE Shaikh Ahmed bin Mohammed Al Khalifa, the Minister of Finance, took part in a debate regarding what policies will increase per-capita income, bolster savings and improve social welfare as the MENA region looks to build a prosperous middle class. HE Shaikh Mohammed bin Essa Al Khalifa, Chief Executive of the EDB, joined senior figures in exploring how MENA defines sustainability, and the strategies and models needed to deliver it. Mr Talal Al Zain, CEO of Mumtalakat Holding Company, participated in a panel addressing how business can seize the opportunities created by women's attainment of higher education. HE Mr Rashid Al Maraj, Governor of the Central Bank of Bahrain, looked at how Arab banks, relatively unscathed by the global crisis, can adapt to a new regulatory and business environment.

Other members of the Bahrain delegation included: Shaikh Khalid bin Salman Al Khalifa, Ambassador of Bahrain in Morocco; Shaikh Khalifa bin Daij Al Khalifa, President of the Court of the Crown Prince of Bahrain; Mr Yousif Humood, Assistant Under Secretary-Economic Affairs, Ministry of Finance; and Mr Adel Mattar, Managing Director, Awal Gulf Manufacturing Company.

IMF - World Bank Meeting

A Bahraini delegation of senior figures from the Government, the EDB and the private sector including leading Bahrain banks, attended the annual meeting of the International Monetary Fund and World Bank in Washington DC in December 2010. The Bahrain Association of Banks hosted a special reception for delegates in order to promote the Kingdom as the financial hub and Islamic banking centre of the Middle East.

Bringing the World to Bahrain

Education Project 2010

Inaugurated in 2009 by HRH Prince Salman bin Hamad Al Khalifa, the Crown Prince and Chairman of the EDB, the Education Project aims to create an annual education event as the world's leading forum for discussing the most important issues facing education today, by convening educationalists as an international team. The second session of the Project took place in October 2010, reuniting the community of educators formed at the inaugural event the previous year. Ministers from India, Lebanon, Morocco, Tunisia, Oman, Qatar and the UAE were among a 500-strong audience from politics, business and academia, representing some 50 countries. The event was once again hosted and organised by the Economic Development Board, with strategic partner McKinsey & Company contributing to agenda setting and programme development.

Some 65 speakers from 20 countries participated in sessions. These included two academics from the Harvard Graduate School of Education, USA: Mr Tom Payzant, Professor of Practice, and Mr Tony Wagner, Co-Director of the Change Leadership Group; Mr Andrew Blair, President, International Confederation of Principals, Australia; Mr Kevin Knight, Co-founder of the New Zealand Graduate School of Education; Mr Charles Leadbetter, author of *We Think*, and government advisor; Ms Mona Mourshed, Partner, McKinsey & Company, Middle East Office; and Mr Kapil Sibal, Minister of Human Resource Development, Government of India.

Key sessions included: What does it mean to be an educated adult in today's knowledge economy?; Healing the ails of global higher education; Reviving the spark in teaching and transforming the front line; and Turning teachers into leaders. Work streams included: Developing high-calibre teachers; Improving teacher quality; and Increasing engagement: is study in the future student-designed, self-evaluated and collaboration-based?

Comments from participants included

'The Education Project in the Kingdom of Bahrain is the most amazing cultural and educational experience. It epitomises the highest levels of excellence in organisation and delivery. As an

Australian lifelong learner, I would sincerely recommend this learning to all.'

'I can't remember when I last attended a conference where delegates were universally inspired. There was an electric exchange of opinion, experience and knowledge – I can only liken it to an educational MBA compressed into two and a half days.'

7th IISS Regional Security Summit – the Manama Dialogue

This annual summit, which takes place in Bahrain, has developed into the primary security forum for the Gulf. Representatives from 25 countries attended the seventh summit held in December 2010. The Keynote Speaker was HM King Abdullah II of the Hashemite Kingdom of Jordan, while the Special Address was delivered by US Secretary of State Hilary Rodham Clinton. Plenary session speakers included Foreign Affairs and Defence Ministers from Bahrain, Kuwait, UAE, Iran, Turkey, Yemen, UK, Italy, Sweden, Singapore and Australia.

The summit adopts a unique format of four events in one: plenary sessions which provide a public platform; break-out groups of officials and experts, which are private and off-the-record; private bilateral and unilateral meetings of ministers and security officials; and multilateral luncheons and dinners. Attending the summit for the first time were members of the IISS Young Strategists Programme, which comprises 15 high-calibre young professionals under the age of 35 years from government, military, academia and media, who exhibit great promise in the field of security. The first member of the programme to speak at an IISS regional security summit was EDB Director-Global Communications, Rania Yousif Al-Shirawi.

Inaugural IISS Bahrain Global Forum

This new event was brought to Bahrain on the initiative of HRH Prince Salman bin Hamad Al Khalifa, the Crown Prince and Chairman of the EDB, following the success of the IISS Regional Security Summits. The IISS Bahrain Global Forum was organised by the International Institute for Strategic Studies and hosted by the Economic Development Board. The event brought together government ministers, business leaders and economists from advanced and emerging economies to discuss the changing balance of global economic power, and the international impact of this shift as the world looked to return to growth. Rising markets will in time share greater responsibility for the economic order as it further develops, and will need to be creative in helping to conceive and shape the way forward.

Placing Bahrain Firmly Centre Stage

Keynote speakers included: Mr Montek Singh Ahluwalia, Deputy Chairman of the Planning Commission of India; Jordanian Prime Minister, Mr Samir Rafal; Mr Pascal Lamy, Director General of the World Trade Organisation; Carl Bildt, Foreign Minister of Sweden; and HE Shaikh Abdullah bin Hamad Al Attiyah, Deputy Prime Minister and Minister of Energy & Industry, of the State of Qatar.

OECD Regional Workshop on Integrity

The Economic Development Board hosted an OECD regional workshop in March 2010, entitled 'Strengthening Integrity in the Private Sector in Arab Countries'. It was organised by the MENA Investment Centre, with the support of the United Nations Development Program (UNDP), the Organisation of Economic Cooperation & Development (OECD), and UNDP's Programme on Governance in the Arab Region (POGAR). The workshop agenda covered several topics for discussion and dialogue between Arab participants, international experts, and specialists from OECD countries. Topics included: 'The role of government in strengthening integrity in the private sector', and 'The means to improve public-private cooperation on corporate integrity', in line with international instruments and best practice, such as the UN Convention Against Corruption (UNCAC).

Keynote speakers included: HE Shaikh Mohammed bin Essa Al Khalifa, Chief Executive of the EDB; Mr Sayed Agha, UN Resident Coordinator and UNDP Resident Representative; Mr Alexander Bohmer, Head of MENA/OECD Investment Program; and HE Mr Abed Shakhaneh, Chair of the Arab Anti-Corruption & Integrity Network (ACINET) and Chairman of the Jordanian Anti-Corruption Commission. According to Shaikh Mohammed: 'Integrity is the key to achieving long-term economic growth. Transparency, reliable regulation and effective governance are essential in delivering the sustainable growth needed in today's re-set world. A private sector built on these foundations will also improve practices and efficiency in the public sector, and ultimately act as the engine of future economic growth in the region. Integrity within the private sector is particularly relevant to the economies of the Gulf, as we look to the sector to drive economic diversification and growth. Relying on a subsidised public sector for jobs and growth is no longer an option. A strong and vibrant private sector that people can trust is vital to all our futures.'

World Islamic Banking Conference

Bahrain was once again the host nation for the annual World Islamic Banking Conference (WIBC) in December 2010, for the 17th successive year. The WIBC has developed into the world's largest gathering of Islamic finance leaders, and highlights the Kingdom's position as a leading global hub for the international Islamic banking and finance industry. The event has grown from 120 delegates in 1994 to around 1,500, with industry leaders and regulatory authorities from over 50 countries attending the 2010 conference.

4th Fund Forum Middle East

The 4th annual Fund Forum Middle East took place in Bahrain in September 2010, and attracted over 350 of the leading players of the region. Key presentations and panel debates included industry leaders such as Mr Alan Durrant of the National Bank of Abu Dhabi; Mr Farah Foustok of ING Investment management Middle East; and Mr Anthony Mallis, CEO of SICO Investment Bank.

Cisco Networkers 2010

More than 2,000 ICT professionals from across the Middle East, Africa, Asia and Europe, attended the Cisco Networkers event at the Bahrain International Circuit in March 2010. This industry-accredited event, developed in collaboration with the Government of Bahrain, and with the support of HRH Prince Salman bin Hamad Al Khalifa, the Crown Prince and Chairman of the EDB, marked the first Cisco Networkers event to be held in the Middle East. The theme for the event was 'Knowledge is Power'. Cisco Networkers Bahrain 2010 provided training and education to ICT professionals through compelling forums with in-depth technical demonstrations, networking opportunities, and glimpses of future ICT trends.

MENA ICT Week

One of the leading international ICT events in the region – the MENA ICT Week – was held in Bahrain in January 2010, under the theme ‘Driving Economies for a Better Future’. According to Mr Kamal Ahmed, Chief Operating Officer of the EDB, ‘This is consistent with Bahrain’s long recognition of ICT as an enabler of continued economic growth, modernisation and competition. In Bahrain, we have long recognised the importance of ICT in further enhancing the business environment for international companies looking to access the trillion dollar Gulf market.’

E-Training Forum for the Public Sector

Organised by the Economic Development Board, the Bahrain Institute for Public Administration, and the E-Government Authority, the E-Training Forum was held in Bahrain during April 2010. The first of its kind in the region, the forum reiterated the commitment of the public sector to the goals of the Bahrain Economic Vision 2030 and the National Economic Strategy in promoting recent advances in e-training. Experiences on e-training were shared by speakers from four continents. Over 300 participants were split into three groups exploring a variety of topics. These ranged from ‘E-Training Best Practices and E-Training Methodologies and Implementation’ to ‘E-Training Technologies and Infrastructure’ led by expert facilitators from Tunisia, Egypt, Morocco, the UAE, Malaysia, India, Italy, UK and the USA. There was also a special presentation by Ms Adriana Mendoza, Learning Specialist from INDP Headquarters in New York, on ‘The UNDP Virtual Development Academy – A Blended Learning Approach’.

Panel sessions focused on e-training best practices in the public sector, and building capacities for e-training. According to keynote speaker Mr Sayed Aqa, IN Resident Coordinator and UNDP Resident Representative: ‘Arab countries have, over the past quarter of a century, witnessed tangible progress regarding the spread of knowledge among their citizens, from a reduction in illiteracy rates to an increase in the number of people obtaining university degrees. Arab countries have recorded an improvement in technological performance which surpasses that observed recently in any other region of the world’. Four Arab countries, including Bahrain, are in the list of the top 50 countries that are ready for a ‘knowledge society’.

International Aluminium Conference

Sponsored by Aluminium Bahrain (Alba), the 25th International Aluminium Conference took place in Bahrain during September 2010. Over 600 delegates from around the world attended the event, which provided networking opportunities with industry leaders from across various segments of the aluminium industry. The conference offered insight into new developments, investment opportunities, innovative technologies, and key trends influencing the market and shaping its prices. All segments of the industry were represented at the conference, from bauxite miners and alumina refiners to smelters, recyclers, fabricators, end-users, traders, banks and service companies.

Spring of Culture Festival

The 5th edition of The Spring of Culture Festival took place in Bahrain during 2010. It was organised by the Economic Development Board in collaboration with the Shaikh Ebrahim Centre for Culture and Research, Sector of Culture and National Heritage, Al Bareh Art Gallery and Al Riwaq Art Space. The 2010 edition proved to be more than just a festival, with the inclusion of education, family, talent and community agendas.

The festival programme included concerts, plays, lectures, workshops and exhibitions, at different locations including the Arad Fort, Shaikh Ebrahim Centre, Culture Hall, Al Riwaq Art Space, Al Bareh Art Gallery, Bahrain Exhibition and Convention Centre, Bin Mattar house and the Manama Souq. The Education Agenda offered a series of workshops to ensure a wider selection of subjects with entertaining and creative learning experiences. A new Talent Programme was introduced with the aim of motivating youngsters to unleash their hidden talents in the fields of visual arts, music, song and theatre. Continuing its pledge last year to be a socially responsible festival, Spring of Culture 2010 arranged for some of the visiting groups to perform free events for special child welfare societies.

Placing Bahrain Firmly Centre Stage

Bahrain International Garden Show

For the second year running, the Economic Development Board participated in the Bahrain International Garden Show, which took place in February 2010. The event attracted over 25,000 visitors from Bahrain and the region. The EDB stand was designed to portray the concept of transparency and sustainability.

This year, an interactive online questionnaire was created to allow visitors to voice their opinions about the Economic Vision 2030 and state their area of priority, such as housing, employment, education and infrastructure. The EDB stand won the 'Best in Show' award, which was judged according to design, display, usage of space, ease of access for visitors, and ease of access to information.

Bahrain International Air Show

The first Bahrain International Air Show took place in January 2010 at Sakhir Air Base. It brought manufacturers and users under the same roof, reflecting the country's status as regional centre for transport and trade. The event was opened by HM King Hamad bin Isa Al Khalifa, in the presence of HRH Prince Khalifa bin Salman Al Khalifa, the Prime Minister, and HRH Prince Salman bin Hamad Al Khalifa, the Crown Prince and Chairman of the Economic Development Board. Distinguished guests included HM King Abdullah II of the Royal Hashemite Kingdom of Jordan.

The three-day event was organised by Farnborough International Limited and Civil Aviation Affairs in association with the Royal Bahrain Air Force. Present were over 74 aircraft representing some of the best-known names in commercial and military aviation. These included Airbus, Boeing, Cessna, BAE Systems, Rolls Royce and Lockheed Martin.

The show featured daily displays of flying from some of the biggest names in the aviation industry, who demonstrated their latest aircraft from air carrier aircraft and business jets to helicopters and fighter jets. There were also specially organised children's activities and attractions including a traditional heritage village, plus local arts and crafts demonstrations, music and other family entertainment.

Bahrain Boat Show International

The 2nd Bahrain Boat Show International (BSSI) took place at the Amwaj Marina during April 2010. On display were a wide range of vessels from jet skis to super-yachts, together with entertainment events and demonstrations of water sporting activities. This year witnessed the opening of a new super-yacht enclosure and luxury corporate lounges. One of the star attractions was the 73-metre super-yacht – the Silver Zwei – said to be the world's fastest conventionally-powered yacht in terms of power-to-length ratio. Also on display was the 47.5-metre Elix Too super-yacht, which sleeps 12 people, and has a dedicated media room, a jacuzzi and sun deck.

Key dignitaries present at the show included: Shaikh Abdulla bin Hamad Al Khalifa, Chairman of the Public Commission for the Protection of Marine Resources, Environment and Wildlife, and BSSI Patron; Dr Majeed Al Alawi, the Minister of Labour; and Economic Development Board Chief Executive, Shaikh Mohammed bin Essa Al Khalifa.

2010 Formula 1 Gulf Air Bahrain Grand Prix

For the second time since 2006, Bahrain had the honour of hosting the start of the F1 season in April 2010 at the Bahrain International Circuit (BIC). Since its inception in 2004, the BIC has not only brought the Formula One World Championship to the Middle East for the first time, but has also attracted events such as the Porsche Mobil 1 Super Cup, Australia V8 Supercars, the BMW Series, and a leg of the GP2 Asia Series. In addition, the Circuit has staged local and regional motorcycle events in the form of open track days, the National Sprint Championship, as well as its regular National Drag Racing Championship.

Volvo Tournament of Champions European Golf Tour

In 2010, Volvo and the European Tour unveiled a new season-starting tournament in Bahrain on the European Tour Schedule. As part of the Desert Swing, stars from the European Circuit will compete for the first time on Bahrain soil during January 2011, with total prize money of over US\$ 2 million. Players will compete on the Montgomerie Course at the Royal Golf Course, which re-opened in 2009 following extensive redevelopment under the close scrutiny of eight-time European Tour Order of Merit winner, Colin Montgomerie.

The Championship has the full support of the Economic Development Board, and EDB Chief Executive Shaikh Mohammed bin Essa Al Khalifa welcomed the event: 'This is very big news for Bahrain, which has long been known as a business friendly location and a gateway for international business looking to access wider markets across the Middle East. However, golf is a very established and important business tool that we have yet to exploit.'

We have worked hard to bring this event to Bahrain, and are very happy that Volvo, IMG and the European Tour have chosen us as host. Golf has a very strong global presence and we believe it will bring great benefits to Bahrain.'

World Equestrian Games

A team from Bahrain competed in the Endurance category of the 2010 FEI Equestrian Games. For the first time in the history of the Games, the 2010 event was held outside Europe, and took place in Lexington, Kentucky, USA from 25 September to 10 October. This was the 6th edition of the World Equestrian Games, organised by the International Federation for Equestrian Sports (FEI), and which are held every four years. Individuals and teams from 56 nations took part, including Bahrain, the UAE and Saudi Arabia from the GCC.

12th International Architectural Exhibition at the Venice Biennale

In 2010, Bahrain became the first country in the Gulf to exhibit at the Venice Architecture Biennale. Bahrain's Pavilion, called 'Reclaim' featured three fishermen's huts transported from the shores of the Arabian Gulf to those of Venice, Italy. Built on wooden stilts, these kabayen, which scatter Bahrain's coastline, are furnished with cushions and carpets. The Bahrain Pavilion beat 54 other international exhibitors to win the coveted 'Golden Lion' for the best national participation – the first for the Gulf.

The curators were Ms Noura Al Sayeh, Head of Architectural Affairs at the Ministry of Culture, and Mr Fuad Al Ansari, a lecturer at the University of Bahrain. According to Ms Al Sayeh: 'The fishermen's huts spoke about our evolving relationship with the coast as a public space in the face of extensive land reclamation and privatisation of the coastline. Neither nostalgically looking back to the past, nor bullishly betting on the future, they allude to the realities of our present. Calmly contemplating the sea, they offer a window into the kind of vernacular culture we should be careful not to lose sight of as extensive development continues to reshape our country.'

INDUSTRY

DIVERSIFYING BAHRAIN'S ECONOMY

New developments in the areas of oil and gas, steel and aluminium, and commerce and industry, reinforce the Kingdom's status as a pioneering centre for development and growth in the Gulf region, backed by innovative thinking that has fuelled the Kingdom's economic progress.

14%

SULB is expected to reduce up to 14 per cent of current imports of medium and heavy beams and structural sections into Middle East markets.



35%

Alba currently produces 35% of the GCC's aluminium production.

Spreading the Word – at Home and Abroad

DURING 2010, THE EDB INTENSIFIED ITS EFFORTS TO COMMUNICATE THE NUMEROUS INITIATIVES SUPPORTING VISION 2030 AND THE NATIONAL ECONOMIC STRATEGY TO ALL SECTIONS OF BAHRAIN SOCIETY, WITH A PARTICULAR FOCUS ON THE KINGDOM'S YOUTH.

At the same time, global awareness of Bahrain as an attractive destination for foreign investment was increased through international road shows, and visits to the Kingdom by business delegations and media representatives.

6000m²

The 6,000 square metre 'Youth 2030 City' at the Bahrain International Exhibition and Convention Centre comprised 14 'villages' covering such areas as photography, volunteering, fine arts, entrepreneurship, IT, astronomy and anatomy.

15%

Broadcast media coverage more than doubled in 2010, accounting for 15% of all media coverage compared with 6% in 2009.

Government Communications

Government Communications Strategy Framework

The Bahrain Government Communications Strategy Framework was developed to help institutionalise national communications across different areas of the Government. Its objectives are to instill best practices, policies and processes across all Government communications departments; help Government communicators to define their Ministry's communications strategy in line with the NES; and ensure coordinated campaigns with consistent messages that support Vision 2030.

Government Communicators Network:

The Bahrain Government Communicators Network provides a forum for Government communicators to share knowledge in terms of experiences and challenges. In 2010, regular seminars were held, with invited international speakers on various aspects of communications best practice; together with an annual Government Communicators Forum. The network is helping to build enhanced cooperation between all Government communications departments.

Government Communicators – Capacity Building

In cooperation with the Bahrain Institute for Public Administration (BIPA), the EDB launched the International Professional Diploma in Public Relations. This is an internationally-accredited diploma – level 7 by British standards – awarded by Edexcel, the UK's largest awarding body offering academic and vocational qualifications and testing. This specially-designed programme includes core competencies courses and media training for official Bahrain Government spokespersons. The first cohort of 34 participants has completed the programme.

Youth Engagement Programme

Throughout 2010, the Economic Development Board continued to focus on inspiring the younger generation to actively participate in pursuing achievement of the Vision 2030 goals.

The Youth Engagement Programme comprises a number of innovative initiatives covering awareness, understanding, advocacy and involvement.

Out of 100 nominees, 34 young people were selected and trained as Vision 2030 Youth Ambassadors. Over 1,200 students took part in a special University of Bahrain Vision 2030 Forum, and entered a competition for the most innovative Vision-related projects. Three winning projects were selected, and are currently being implemented. The EDB conducted a series of Road Shows that covered 32 public and private high schools, 2 universities, and 2 shopping malls, and incorporated a special Vision 2030 Fan Club, and launch of a Vision 2030 Video.

Youth 2030 City was a major initiative organised jointly by Youth Administration section of General Organisation for Youth and Sports (GOYS), Tamkeen and EDB. This was designed to empower the Kingdom's youth and expose them to wider horizons through active involvement and contribution to society. The 6,000 square metre 'city' at the Bahrain International Exhibition and Convention Centre comprised 14 'villages' covering such areas as photography, volunteering, fine arts, entrepreneurship, IT, astronomy and anatomy. Over 40 summer programmes in Arabic were conducted, involving 38 teachers and 105 volunteers and administrators.

A Youth Summit, which was organised by the EDB for youth societies, involved 160 young people discussing Vision 2030 over two days. This was followed by a neighbourhood makeover in a number of villages with a Vision 2030 theme. The EDB also exhibited at the 6th Bahrain Career Expo in 2010, which attracted more than 20,000 students.

Online Communications

The Economic Development Board used the popular social media network to communicate Vision 2030 through Facebook, Twitter and You Tube. The EDB was ranked among the Top 10 for Online Social Media Presence in 2010. The EDB's online presence was reinforced by the creation of a special Vision 2030 Portal, the introduction of an EDB eNewsletter-Tanmiya, and the launch of an Online Newsroom, featuring interactive visual news releases and links to Facebook, Twitter and You Tube. Another initiative during the year was the soft launch of the electronic Bahrain National Event Calendar in collaboration with e-Government, which lists all planned official events in the Kingdom.

Increasing awareness of Bahrain across the Globe

International Road Shows

The Economic Development Board led several delegations across the world to spread the Kingdom of Bahrain's message throughout 2010. Investment promotion road shows targeted key markets including the USA, France, Germany and India. These road shows provided the opportunity for face-to-face discussions between international business leaders and delegates from Bahrain and the EDB. A series of meetings and presentations were also organized during the roadshows which offered the opportunity to tell the Kingdom's investment story.

The USA road show, which covered major cities such as New York, Houston, Atlanta and Oklahoma, saw the delegation visit cutting edge companies and institutions such as Cisco, Water Standard, and the Centre for Nanotechnology at the University of Rice. The visits also resulted in the signing of five important new memorandums of understandings (MoUs) with the following organisations:

- The Greater Houston Partnership, which is the largest gathering for leading businessmen and decision makers in the city of Houston, Texas.
- The Houston American-Arab Chamber of Commerce.
- The Atlanta Development Authority.
- The Department of Economic Development in Georgia.
- The Chamber of Commerce in Oklahoma.

Spreading the Word – at Home and Abroad

These MoUs will establish a framework for both parties to participate in activities that stimulate bilateral trade and business development, including conferences, symposiums and workshops, all designed to encourage strong business ties. The framework will embrace the development of business and joint-ventures, the exchange information and technical expertise, and the provision of mutual support in sectors such as education, energy, life sciences, and research and development. The signatories will also work on promoting small and medium enterprises, technology and innovation, industrial services and commercial information technology.

In France, the main destination was Paris; in Germany, the delegation visited Stuttgart; while the visit to India took in Mumbai and Delhi. Media engagement around the road shows resulted in excellent coverage by the international press, including the front page of the Financial Times Deutschland in Germany, and an interview with EDB Chief Executive, Shaikh Mohammed bin Essa Al-Khalifa, on the French television channel France 24.

Delegations to Bahrain

During 2010, the EDB played host to 35 delegations, with government officials and members of the business community from countries including Europe, the USA, North Africa and the Far East. The visitors were provided with introductions to Bahrain-based companies and institutions relevant to their respective fields and areas of activity.

Bringing Journalists to Bahrain

Incoming familiarisation trips to Bahrain were organised for over 30 journalists from France, Germany, Singapore, China, Japan and India during 2010. These trips were part of the EDB's key strategic objective to raise awareness about the Kingdom in general, and more specifically, to create a positive predisposition towards Bahrain by FDI decision-makers through informed media coverage, both broadcast and printed.

Increased Media Exposure

The EDB was successful in promoting Bahrain to a wider international audience in 2010, and achieved an improved understanding of Bahrain's story among tier one journalists, and increased levels of positive coverage across all media.

- Media coverage in 2010 increased by 50% over the previous year
- Over 100 press releases were issued across key markets
- Nearly 2,000 separate items of coverage of a general business and economic nature

- 78% of tier 1 media coverage was positive and featured prominently
- Frequency (opportunity to see) was well above the 20+ high frequency benchmark
- Broadcast media coverage more than doubled in 2010, accounting for 15% of all media coverage compared with 6% in 2009
- Broadcast media coverage included CNN, BBC News, Bloomberg, CNBC, CNBC Europe, CNBC Arabiya, Fox Business, France 24 and News Asia
- The percentage of media coverage generated by more journalists' visits to Bahrain in 2010 increased by 33% to 16% compared with 12% in 2009

Promotional Campaign

▪ CNN Coverage during DAVOS 2011 – EDB Comprehensive Sponsorship

In addition to spots around CNN's daily television coverage from Davos, the EDB sponsored a series of vignettes entitled 'The Agenda' and 'Davos Debrief' which aired throughout CNN's coverage, offering viewers insights into the Davos programme and quick turnaround reactions to meetings. The advertising campaign spanned the event, offering EDB exposure to CNN audiences – both on air and online – which were available in over 200 million households worldwide. As one of the fastest growing economies in the Middle East, the World Economic Forum was a natural fit for the EDB to reach its audience of global opinion formers and influencers. A high level delegation from Bahrain was part of the important global economic forum at Davos, and the EDB's association with CNN, one of the world's most influential news broadcasters, helped in making a strong case for future investment and partnerships.

▪ CNN 'Eye on Bahrain'

CNN's "Eye on Bahrain" examined the characteristics and future of a country that is becoming a location of choice for businesses looking to access the trillion dollar Gulf market and wider Middle East. The network's flagship business programme "Quest Means Business", presented by Richard Quest, and "Marketplace Middle East", presented by award winning journalist John Deferios, featured Bahrain and its open and liberal business environment. The show, broadcast live from Bahrain, was a joint cooperation between CNN and the EDB. A comprehensive review of Bahrain's economy, tourism, lifestyle and future direction was presented through a series of interviews with various ministers, sector

specialists and key leaders in the country, including HRH Prince Salman bin Hamad Al Khalifa, Shaikh Mohammed bin Isa Al-Khalifa, the Governor of the Reserve Bank, the Minister of Finance, and the Acting CEO of Bahrain International Circuit. The daily schedule was scattered with live broadcasts from the Kingdom, and a dedicated website complemented the special coverage with video, stories, polls, quizzes and blogs.

■ **CNBC 'Gateway to the Middle East' Sponsorship**

"Gateway to the Middle East" features insights into the region's business trends and investment opportunities from some of its most prominent figures. Each month, the programme delivers in-depth analysis from across the Middle East, and features special interviews with decision makers at the very highest level. The EDB's sponsorship included a Business Friendly Bahrain 10-second opening and closing billboard, as well as a 5-second billboard coming out of the break in the middle of the programme. Some highlights of the 2010 programme featured the Bahrain International Airshow, the pros and cons of Dubai's Metro System, the relationship between governance, trade and security in Middle Eastern economies, Bahrain Fort, Shaikh Ebrahim Centre, Bahrain's Education Project, and the World Economic Forum Marrakech, which played to target audiences in Europe and Asia.

■ **Advertising**

EDB's 2010 advertising featured a multi-message campaign on a phased rotation in key markets such as Europe, Asia, GCC and the USA, following a comprehensive wave of research conducted in those markets. A total of eight television commercials were produced in English, which ran on CNN and CNBC. The campaign featured the use of a "Fact Device" which resulted in sharper and clearer articulation of the EDB's key messages. This strategy was followed through into print, resulting in less text and more hard-hitting communication, in order to make a lasting impression on readers. Eight print advertisements were produced in English, five were developed in German for the German market, and four were produced in Mandarin to run specifically in China. The print ads were deployed as required to support the EDB's business development activity, and ran on a phased rotation across core media titles in Europe, Asia, GCC and the USA. These efforts were rewarded towards the end of 2010, when the EDB's marketing campaign, Business Friendly Bahrain, won the Silver Effie Award for the MENA region in the category of Banking, Finance and Insurance.

■ **Collateral**

As part of an integrated marketing and communications toolkit for business development, embassies and external offices, 2010 saw the introduction of a uniform series of brochures and leaflets, featuring a silver theme and a "mix and match" collateral pack for dissemination to investors. New additions included FS specific collateral, an FTA leaflet, road-show brochures, the first Annual Economic Review, and a 'Setting up a Business' brochure. There was also a digital version, as well as event-specific collateral for the Education Conference.

Business Friendly Bahrain branding featured strongly at the opening of the Khalifa bin Salman Port, and the Bahrain International Airshow. At the Bahrain International Circuit, prominent bridge branding was employed on the track, and the Oasis Lounge was given a make-over. A Bahrain Pavilion was constructed at the World Equestrian Games in Kentucky USA, which featured an interactive information area on Bahrain.

■ **Website**

In line with the EDB's efforts to disseminate key messages to core markets, an Arabic version of the EDB website was launched, along with new microsites in Spanish and French, which complement the existing microsites in German, Chinese and Japanese. Websites were updated, and improvements made in user-friendliness and functionality, resulting in Bahrain.com winning the eGovernment Content Excellence Award in 2010.

Moving Forward

The Second National Economic Strategy

INTRODUCED IN 2009, THE FIRST NATIONAL ECONOMIC STRATEGY STARTED THE JOURNEY TOWARDS REALISING THE ASPIRATIONS OF BAHRAIN'S ECONOMIC VISION 2030.

The second National Economic Strategy continues the journey, responding to latest challenges, and aligning initiatives with the budget for 2011-2012.

Second National Economic Strategy: 2011 - 2014

Since 2000, a decade of hard work and energetic reform in Bahrain has created a modern vibrant economy, with a broad diversity of industries, an engaged workforce, and a set of institutions capable of responding to change, and guiding the Kingdom through the competitive stresses of the global economy in which it operates.

In the coming decade, however, the Kingdom faces new challenges. There is a fiscal challenge which can, and must, be met; there are changes in the expected growth pattern of industry, in the growth of the Bahraini workforce, in labour productivity and in the expected rate of growth of the foreign workforce in Bahrain. Together, these constitute a challenge to the growth strategy on which the Kingdom has been able to rely over the last decade.

Accordingly, Bahrain needs a new economic growth strategy that relies less on growth in finance and construction and a low-wage foreign guest workforce, and more on the opportunities presented by other high value growth industries; by innovation and research and development; by the rapid growth of a better educated, young and vigorous Bahraini workforce; and by the abilities that the Kingdom is developing to train Bahrainis for more highly skilled and demanding jobs in industries competing successfully in the global economy.

Measures to address the fiscal challenge and implement a new growth strategy lie at the heart of the second National Economic Strategy (NES). However, Bahrain recognises that no strategy can be successfully implemented without efficient and flexible Government policy making, administration and service delivery. Nor can a growth strategy succeed if it does not address the education, training, health, housing and social welfare needs of Bahraini citizens.

Accordingly, specific measures to address these areas have an important place in the overall national economic strategy. Success in responding to the challenges of the new decade will depend on all stakeholders – including ministries and government agencies, civil society and the private sector – working closely together to achieve these goals.

In line with the aspirations of the Economic Vision 2030, the NES concentrates on the key areas of government, society and the economy, with overall objectives and specific initiatives for each area, as outlined below.

Government

Main areas of focus:

- Effective decision making
- Effective public sector human resource management
- Efficient, effective and transparent government services
- A quality judicial system
- Urban planning and the infrastructure provision and coordination
- Stronger foreign affairs policies and relations

Key initiatives:

- Institutionalise policy development, and strategic and operational planning
- Develop a national strategy for statistics
- Review civil service legislation, structure, roles and processes
- Improve the quality and consistency of regulation
- Implement qualification, licensing and examination requirements for all legal professionals
- Introduce private notary services
- Implement the National Planning & Development Strategy (NPDS)
- Establish Bahrain Geographic Information Systems (GIS) Centre
- Implement a real estate development legal framework

Society

Main areas of focus:

- Social services enhancement
- A quality healthcare system
- A first-rate education system
- Public safety and security
- A sustainable natural environment
- An attractive living environment

Key initiatives:

- Develop and implement a comprehensive dynamic national housing policy framework
- Facilitate access to housing finance through the Mortgage Guarantee System
- Enhance the empowerment of women
- Commence operations of the National Health Regulatory Authority
- Improve access for all to healthcare services
- Implement Bahrain's School Agenda
- Finalise the development of Bahrain's Vocational Education & Training Agenda
- Implement Bahrain's Higher Education Agenda
- Improve student learning outcomes through reviews of the Quality Assurance Authority for Education and Training
- Implement arrangements for the Bahrain Qualifications Framework
- Decrease industrial effluent, raw sewerage and other waste dumping
- Protect and manage biodiversity protected areas
- Protect, develop and promote Bahrain's heritage sites
- Extend the village urbanisation programme, and launch cities and towns urbanisation programme
- Increase sports and recreation facilities for youth

Moving Forward

The Second National Economic Strategy

Economy

Main areas of focus:

- Restore fiscal surpluses by 2014
- Train and upgrade the skills of the Bahraini workforce
- Increase Bahraini employment by furthering labour market reforms
- Facilitate and encourage local and foreign direct investment in Bahrain
- Support micro, small and medium enterprises in Bahrain
- Foster innovation, research and development
- Improve the management of state-owned oil and non-oil companies
- Strengthen the financial services sector
- Develop the tourism industry
- Enhance the information and communication technology sector
- Improve the logistics sector
- Strengthen the manufacturing sector
- Develop and upgrade Bahrain's oil and gas industry

Key initiatives:

- Create a taskforce to examine government revenue and expenditure options
- Establish the Bahrain Office of Financial Management
- Develop a national training plan supported by labour market and demographic forecasts
- Enhance and expand Tamkeen's human capital development programmes
- Improve the efficiency and service delivery of the Labour Market Regulatory Authority
- Improve Bahrain's business legislation
- Introduce a Competition Law
- Establish an Export Development Centre
- Establish a National Innovation Council
- Create a Finance Industry Advisory Panel
- Establish a Tourism Development Authority
- Strengthen the ICT legislative and regulatory environment
- Improve Bahrain's logistics infrastructure
- Develop additional land for manufacturing
- Enhance Bahrain's industrial land management model
- Ensure fulfillment of Bahrain's energy demand
- Maximise recovery of oil and gas reserves from the Bahrain Field

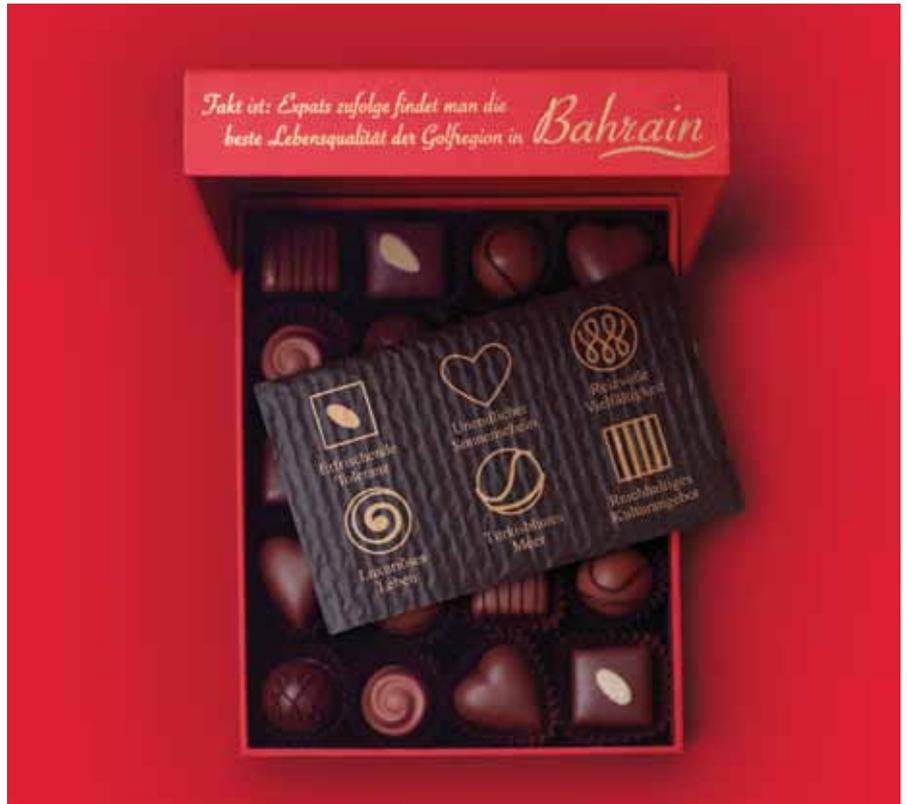


Aerial View of Bahrain

Business friendly Bahrain



Formula One 2010 Bahrain



Royal Golf Club Bahrain

Bahrain - Among the best to Live, Work and do Business

37th Most Competitive Country

Global Competitiveness Index

Source: World Economic Forum

22nd Word Trade Enabler

Enabling trade Index

Source: World Economic Forum

48th World Anti-Corruption

Corruption Perception Index

Source: Transparency International

29th World's Readiest ICT Economy

Global Information Technology

Source: World Economic Forum

1st MENA e-Government Readiness

UN Global e-Government Readiness Survey

Source: UN

5th MENA Reducing Gender Gap

Global Gender Gap Index

Source: World Economic Forum

2nd In MENA for Global Educational Attainment

2010 Gender Gap

Source: World Economic Forum

3rd Best Country to Live

Global Expat Experience Survey

Source: HSBC Bank International

4th Best Place for Children

State of the World's Mothers Report

Source: Save the Children Organisation
