

The image features a stylized graphic of the Bahraini flag. On the left side, there is a white field with a serrated, zigzag border that separates it from a larger red field on the right. The red field has a subtle, wavy texture. Centered in the red field is the text "WELCOME TO BAHRAIN" in a bold, white, sans-serif font.

**WELCOME TO
BAHRAIN**

AGENDA

- **Bahrain: Vision & Experience**
- Market Access to Gulf Economies
- Free and well advanced business environment
- Cost competitiveness
- The most educated, skilled workforce in the Gulf
- Open, democratic society; Highest quality of life

BAHRAIN WELL-PLACED IN GLOBAL ECONOMIC ENVIRONMENT



- Bahrain lies at the heart of the Arabian Gulf, with fast and efficient access to every market in the Middle East by air, sea and road.
- The Gulf market cannot be ignored. It is a fast growing economy significant to global firms. It attracts more and more foreign investment across a broad range of sectors.
- Bahrain – and the Gulf – are still poised to grow in 2009.

Population: 1,039,297 (approximately 50% expatriates)

Area: 770 sq. km

GDP: \$21.8bn (2008)

EDB'S MISSION

Our aim is to enhance Bahrain's economy by developing an economic growth strategy, enhancing the business environment through reforms, and promoting investment.

These efforts will be the catalyst to elevate the national standard of living and create more opportunities for Bahrainis to compete on a global scale

Develop an economic growth strategy

Help Bahrain's government look forward and define the future of economic reform

Enhance the business environment

Enhance the business environment through reforming specific sectors of economic importance

Promote investment

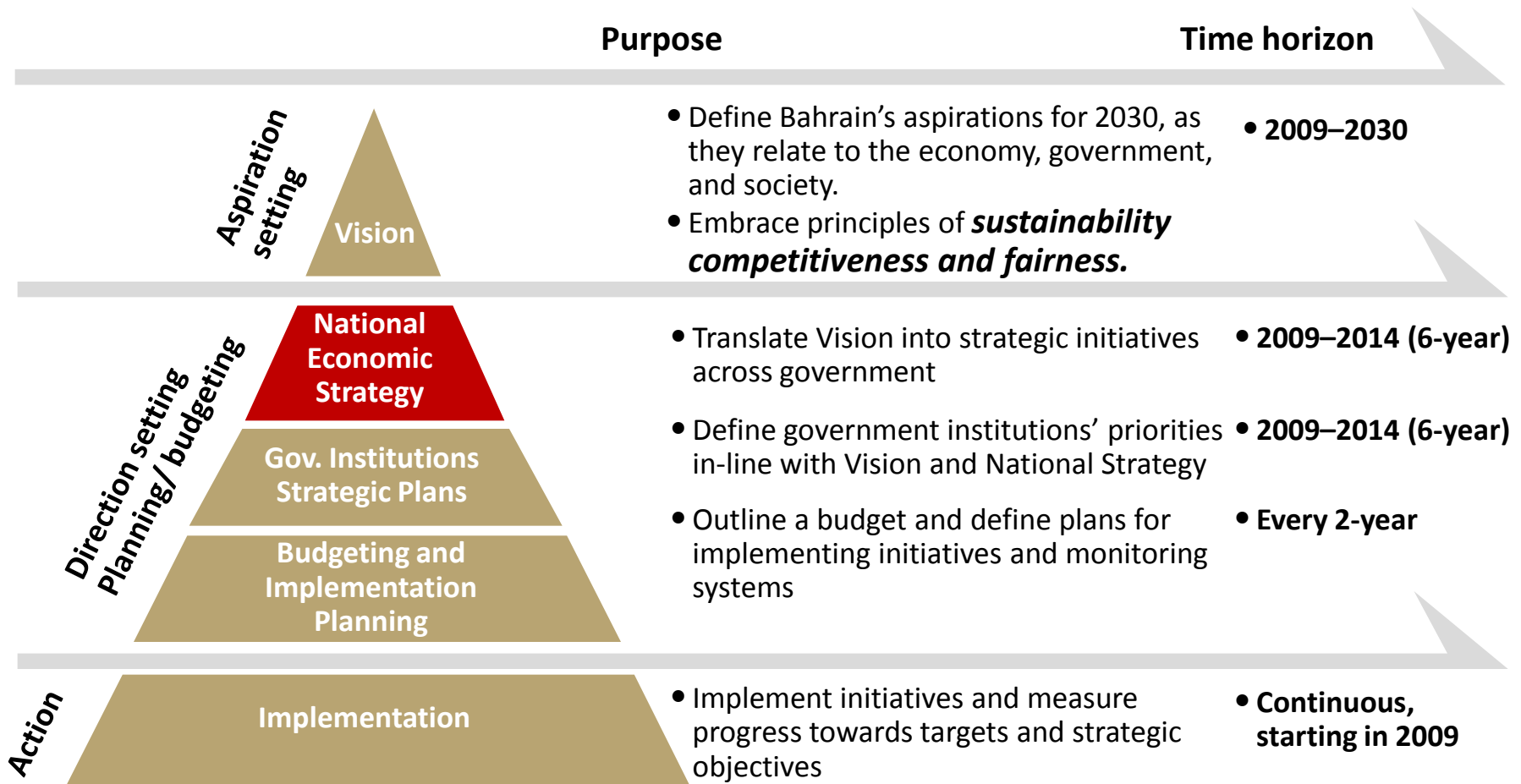
Market Bahrain globally to attract investors to Bahrain and enable their participation in the economy

LONG TERM ECONOMIC STRATEGY

Our main aim is to institutionalize a long term strategic planning process for the Government

Purpose

Time horizon



A TRACK RECORD OF PIONEERING

Bahrain has been a regional pioneer, with a constant drive for further improvements. It was first in the Gulf to:

- To start male education 1919
- To start female education 1928
- To discover oil 1931
- To start an economic diversification strategy that favoured non-oil industry sectors 1960s
- To establish a banking sector 1970s
- To introduce democratic reforms 2001
- To embark on privatization programs 2002
- To fully liberalize the telecoms sector 2004
- To sign an Free Trade Agreement with the USA 2006
- Co-founded GCC Common Market 2008

A STABLE, SOUND, AND GROWING ECONOMY



GDP Growth Rate
in 2009

3.2%

Rate of inflation
2009

1.6%

Real GDP Growth Rate
2010 (projected)

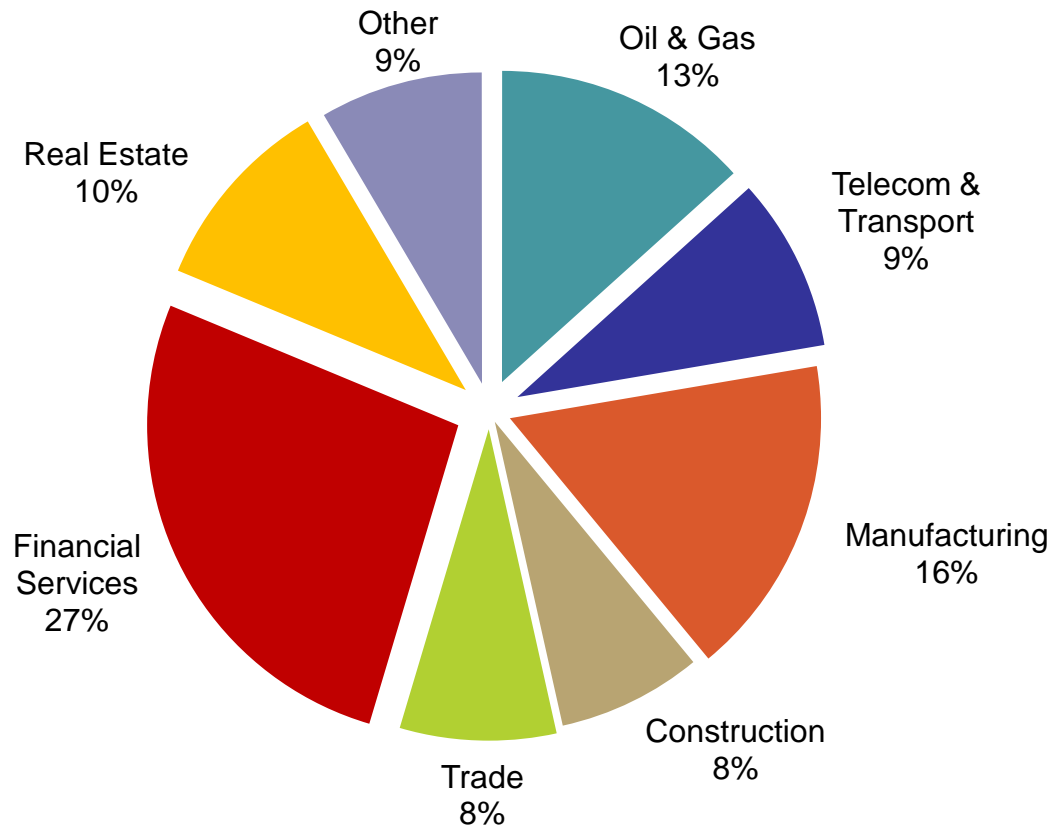
4.0%

Source:

Interagency Forecasting Group- Bahrain Economic Quarterly (First Quarter 2010)

BAHRAIN'S ECONOMY IS WELL DIVERSIFIED

Contributors to Bahrain's 2009 GDP



Source:
Central Bank of Bahrain, Economic Indicators 2009

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A CENTRE-POINT BETWEEN EAST & WEST

Middle of World Times Zones

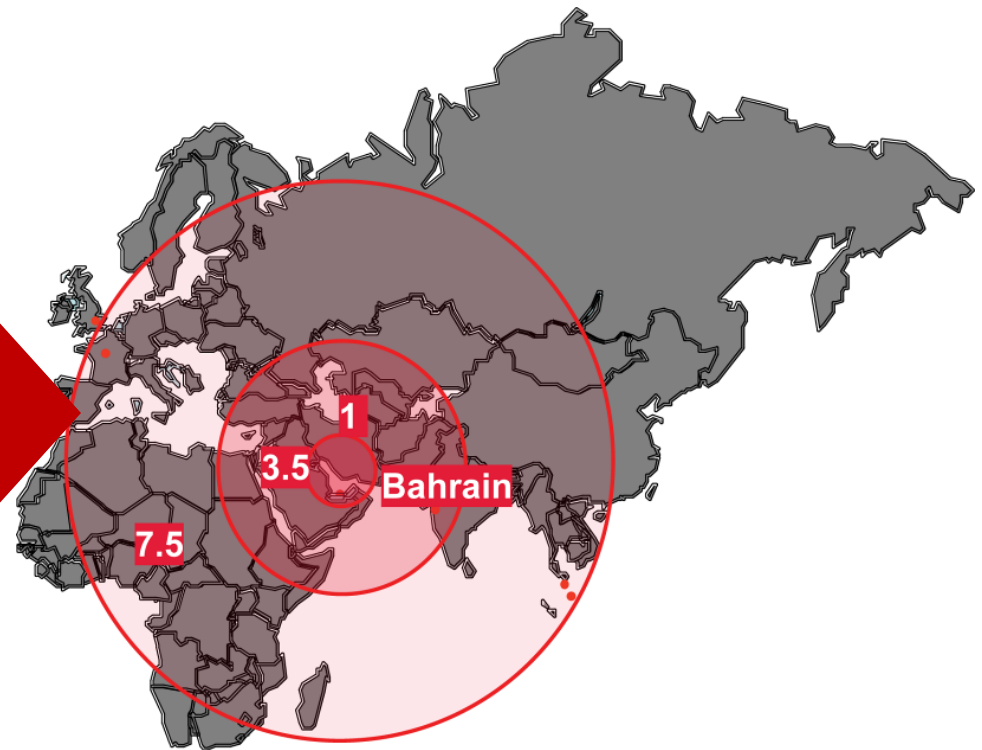
Flight time to major business destinations
in hours

Access to a large and growing
market

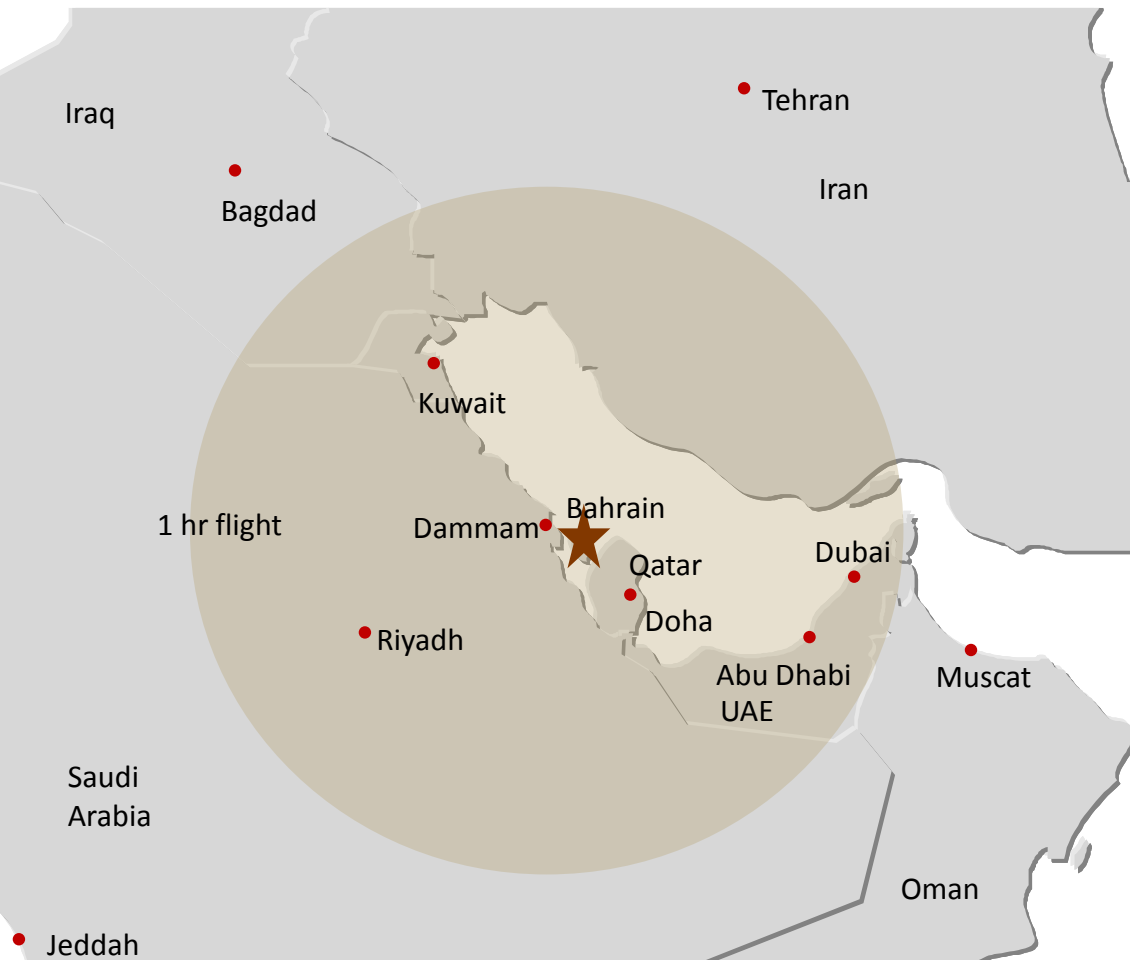
~ 36 million consumers in the Gulf

~ 440 million consumers in MENA

Over the next decade, the GCC is
poised to grow 4.5% p.a. vs. global
average of 3.3% - with an economy
worth \$2 trillion by 2020 (EIU)



BAHRAIN IS STRATEGICALLY POSITIONED TO SERVE THE GCC AND NORTHERN GULF



Connectivity

- Direct road connection to Saudi Arabia (20 km) and Qatar (due 2013)
- More connections and frequent flights to main business centers in the region
- Daily connections to financial centers in Europe and Asia

Easy & Liberal Visa Policies

- No visa requirements for GCC residents
- 14-day tourist visa upon arrival for residents of the EU, US, Canada, Singapore, Australia, Japan and Hong Kong
- E-visa services www.evisa.gov.bh

DEVELOPING INTERNATIONAL TRADE TIES

- More than 65 trade agreements
- US-Bahrain FTA signed in 2006 offers huge opportunities
- Financial, industrial, services and agricultural 96% duty exempt; Tax-free benefits for textiles and garments
- Well-regarded legal, jurisdictional and social environment.



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QUALITY INSTITUTIONAL ENVIRONMENT

4th

Most favorable tax regime in the world out of 55 leading economies surveyed

12th

Lowest cost location to do business in the world

16th

Most liberalized financial sector

Source:

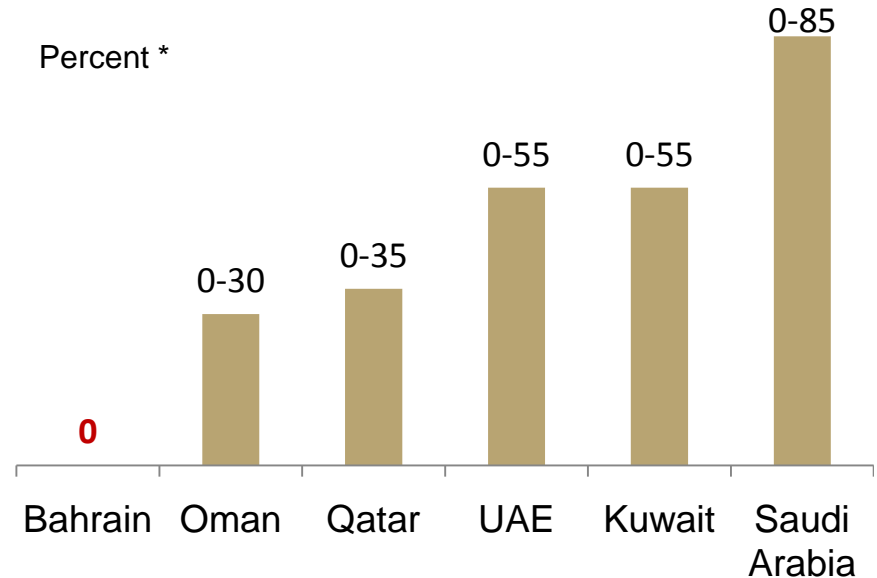
Financial Development Report Rankings, World Economic Forum 2009

THE MOST LIBERAL TAX REGIME IN THE GULF

Bahrain tax rates

- No corporate income tax
- No personal income tax
- No wealth tax or tax on capital gains
- No withholding tax
- No death duties or inheritance tax
- No restriction on repatriation of capital, profits or dividends
- Few indirect taxes e.g. 10% municipal tax on rents

Corporate income tax rates in GCC countries



Source:

Ernst & Young Worldwide Corporate Tax Report 2009

BUSINESSES CAN BE 100% FOREIGN-OWNED

- Companies allowed 100% foreign ownership
- No 'free zone' restrictions
- Individuals may purchase land-freehold in prime locations for residential usage and accordingly obtain permanent residency
- Companies may purchase land-freehold throughout Bahrain for commercial usage.

Types of 100%-owned commercial operations in Bahrain:

- Limited Liability
- Single Person Company
- Private Joint Stock Company
- Holding Company

Other means for international investors to register their operations in Bahrain:

- Public Joint Stock Company (up to 49% foreign ownership in any activity / sector)
- Branch Office
- Regional Office

ONE OF THE TOP 20 FREEST ECONOMIES IN THE WORLD

Ongoing reforms and regulatory improvements have made Bahrain the freest economy in the Arab world, for **16 consecutive years.**

The index is based on assessment of the following variables:

- Business freedom
- Trade freedom
- Fiscal freedom
- Freedom from Government
- Monetary freedom
- Investment freedom
- Financial freedom
- Property rights
- Freedom from corruption
- Labor freedom

Source: The Heritage Foundation / Wall Street Journal Index of Economic Freedom 2010

Note: 183 economies assessed in the 2010 rankings

Rank	Country*
1	Hong Kong
2	Singapore
3	Australia
4	New Zealand
5	Ireland
6	Switzerland
7	Canada
8	United States
9	Denmark
10	Chile
11	United Kingdom
12	Mauritius
13	Bahrain
39	Qatar
42	Kuwait
43	Oman
46	United Arab Emirates
65	Saudi Arabia

FAIR & ADVANCED LEGAL ENVIRONMENT

- Constitutional monarchy
- Courts based on British Common Law System
- Bicameral parliamentary system and a constitutional court, ensuring checks and balances on enacted laws
- Bahrain's Constitution guarantees the right of recourse to the courts
- The Administrative Court is empowered to adjudicate on all decisions and rulings by governmental bodies
- Recently modernised its business and trade related laws and regulations to be consistent with the requirements of the World Trade Organisations and the Free Trade Agreement between Bahrain and the United States of America

Respect
=
for the
rule of law

A FAIR AND OPEN ENVIRONMENT

In January 2010, Bahrain has introduced the **Bahrain Chamber of Dispute Resolution in association with American Arbitration Association: BCDRA-AAA.**

- **BCDRA-AAA** provides the region with a ‘best in class’ international Arbitration Dispute Resolution centre of excellence with the distinct added advantage of operating an arbitration “free zone”.
- Bahrain has also introduced the new concept of statutory arbitration for commercial and financial disputes.
- Cases that would previously have come before Bahrain’s domestic courts, where the claim is over 500,000 BHD (\$1.3 million) and involves an international party or a party licensed by the Central Bank of Bahrain, is directed to the BCDRA-AAA for a fast, final and binding resolution.

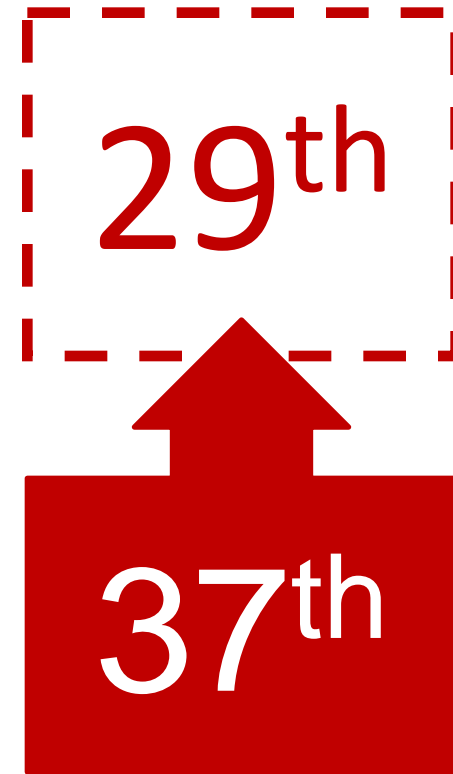
The BCDRA-AAA offers its services to:

- Bahrain’s legal community
- International legal firms
- Multi-nationals
- Governments contracting in the Gulf and beyond

BAHRAIN SCORES HIGH IN GLOBAL ICT RANKINGS

- Bahrain enhanced its performance in the field of information technology uses
- Bahrain is the highest climber among Gulf nations in this year's rankings and over a three-year period, having gained 21 places since 2006
- The report highlights Bahrain's ICT and business friendly market environment, high individual readiness, outstanding government readiness and usage, and top-class e-government services together with widespread e-participation

Bahrain's Network Readiness Global Ranking



Source: Gulf Daily News- April 2010

Source: World Economic Forum-Global Information Technology Report 2010

Note: 133 countries analyzed in the rankings

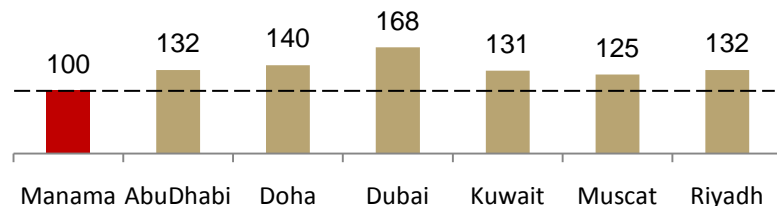
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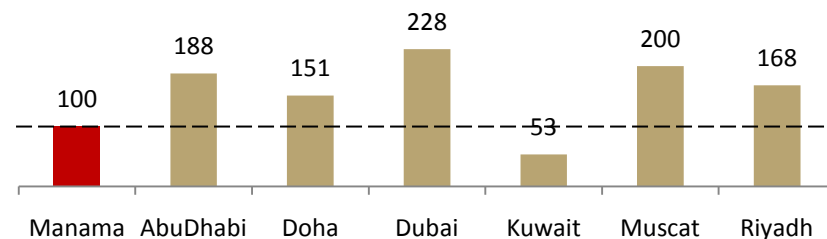
BEST VALUE IN THE REGION

Cost of living index %, Manama=100%

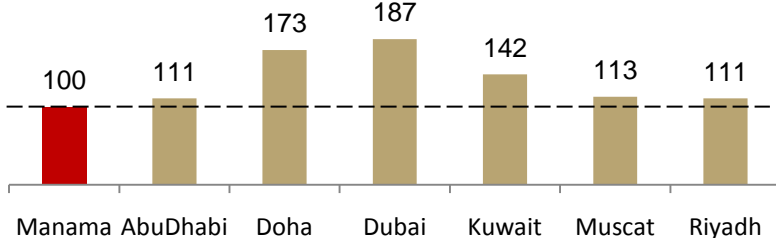
General Index



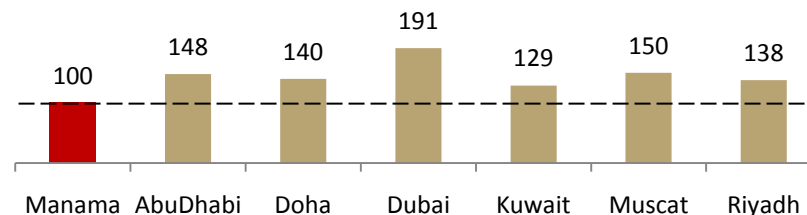
Utilities



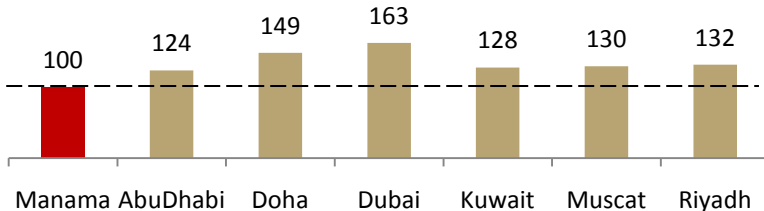
Food



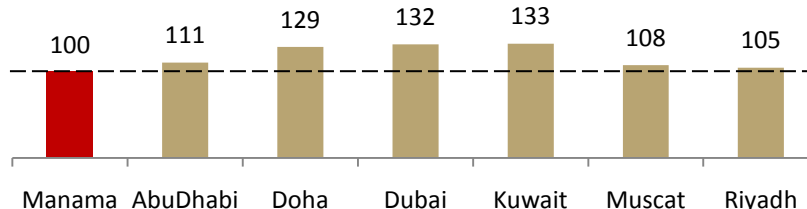
Recreation



Household Supplies



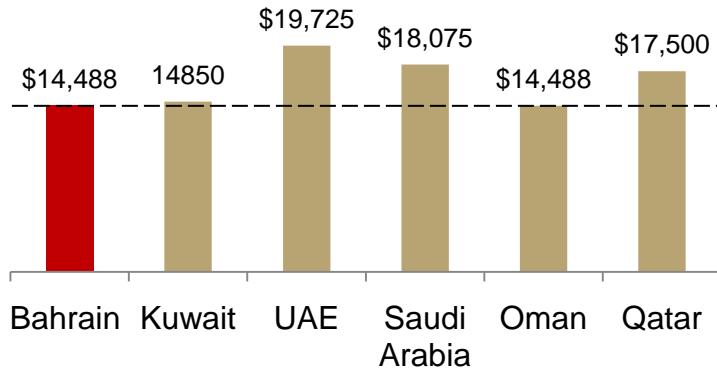
Transport



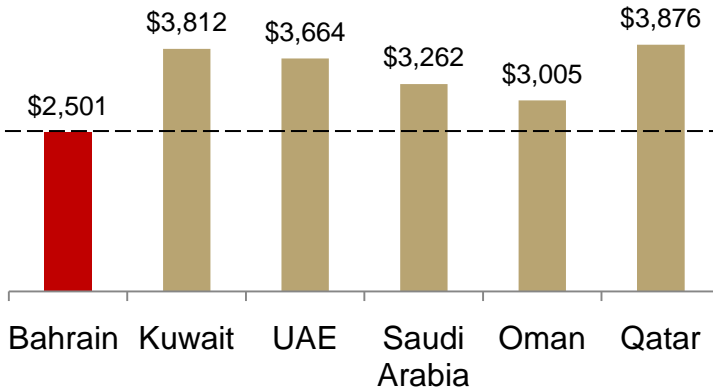
Source: Economic Intelligence Unit 2008

A COST-EFFICIENT BUSINESS BASE

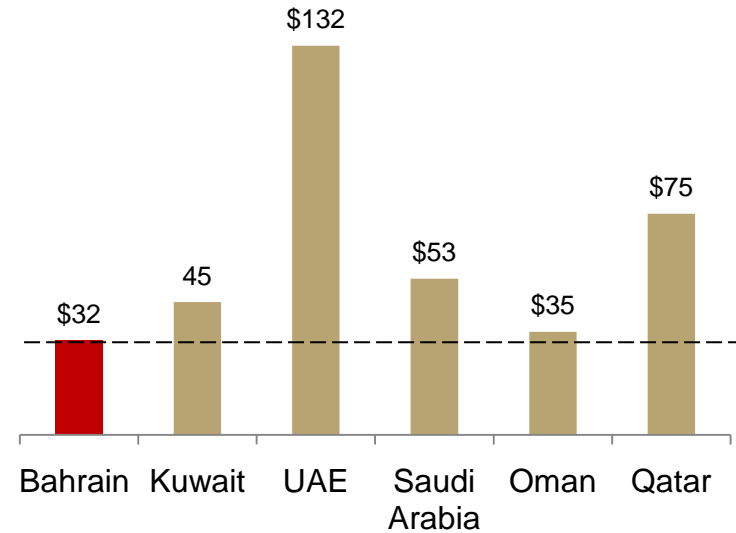
1. Average Monthly Salary for General Manager in a Multinational Company



2. Average Return Business Class Return Ticket Fare to UK



3. Average Premium Office Space Lease Rates (sq.m/month)



Sources:

1. Annual Salary by Gulf Business 2009*
2. Travelocity.com 2009
3. Veritas Investments

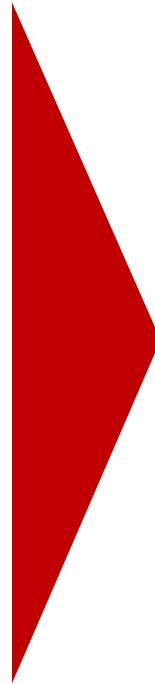
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SKILLED LOCAL WORKFORCE

Investing in people....

- A bi-lingual workforce that is the most skilled, educated in the GCC
- Substantial, ongoing investment in training Bahrainis; Tamkeen has invested BD41million in training 19,000 Bahrainis with relevant, private-sector skills
- Providing salary subsidies
- 2/3 of financial services workforce are Bahraini, of which 37% are women
- High quality financial focused training institutes and courses



is always good for business.

- Bi-lingual workforce provides advantage when accessing other GCC markets
- Having a local workforce reduces overall labor costs
- Local talent pool minimizes staff turnover
- Excellent work ethic among local employees

EFFICIENT AND COST EFFECTIVE

- Bahrain's labor productivity was rated by the Conference Board, an independent not-for-profit US organisation, as the highest in the Gulf
- 40 years of experience for finance, ancillary and support services e.g. lawyers, accountants, risk managers

“Bahrain's labor productivity rate was 20 per cent higher than that of Oman, its nearest competitor, and more than five times above the GCC Average”

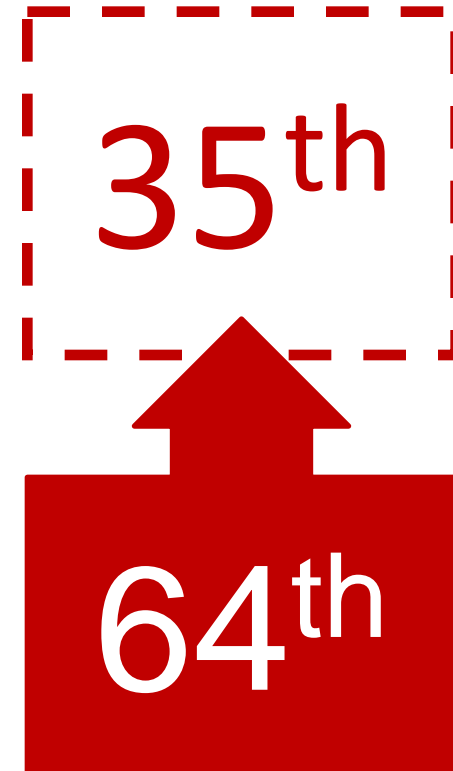
Growing Beyond Oil Report
The Conference Board, USA, 2009

NEW LABOR REGULATIONS

- Transfer of sponsorship without a no objection certificate
- Full-automation of work permit applications
- Labor Market Regulatory Authority (LMRA): governing body with the mandate to provide effective, transparent, robust, and dynamic solutions and services to the local.

For more info, please visit: www.lmra.bh

Bahrain's Labor Market's Global Ranking



Source: World Economic Forum, *Global Competitiveness Report 2009*

Note: 133 countries analyzed in the 2009 rankings

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LIVING IN BAHRAIN

- A rich, authentic culture
- Uniquely integrated society between nationals and expats
- Lively restaurant / café culture
- Open, tolerant and welcoming society
- Affordable, safe, high quality living for families



BAHRAIN RANKED 5TH BEST PLACE TO LIVE

	Overall	Organizing School for Children	Healthcare	Making Friends	Madee Local Friends	Local Community Groups	Entertainment	Working Hours	Social Life	Family Life
Bahrain	5	5	1	5	20	1	13	1	1	7
Saudi Arabia	14	14	11	14	24	8	25	7	15	10
UAE	18	22	12	9	25	23	8	14	17	15
Qatar	26	25	13	16	26	22	26	19	23	16
United States	8	12	24	15	7	4	3	18	22	17
France	7	8	17	18	9	5	17	12	12	4
Japan	16	20	25	22	10	7	12	22	24	23
United Kingdom	23	24	26	20	13	20	1	16	19	25

Source: HSBC, Expat Explorer Survey 2009

Note: Nearly 3,100 expats were surveyed

OTHER WORLD LEADERS ALREADY IN BAHRAIN INCLUDE



THANK YOU

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