

**EMBASSY OF INDIA**  
**BAHRAIN**

**MONTHLY ECONOMIC AND COMMERCIAL REPORT**  
**FOR THE MONTH OF OCTOBER 2013**

**1. Name of the Country: BAHRAIN**

**2. Trade with India:**

**INDIA'S TRADE WITH BAHRAIN**

(Amount in ₹ Crores/\$ Million)

<b>Details</b>	<b>April 2008- March 2009</b>	<b>April 2009- March 2010</b>	<b>April 2010- March 2011</b>	<b>April 2011- March 2012</b>	<b>April 2012- March 2013</b>
India's non-oil exports to Bahrain	₹ 1,314.07 (\$ 286.52)	₹ 1,185.07 (\$ 250.21)	₹ 4,115.43 (\$ 912.18)	₹ 2,118.34 (\$ 439.99)	₹ 3,281.87 (\$ 603.14)
India's non-oil imports from Bahrain	₹ 6,366.72 (\$ 1,442.82)	₹ 2,384.55 (\$ 502.86)	₹ 2,919.49 (\$ 641.25)	₹ 4,183.49 (\$ 876.30)	₹ 3,914.24 (\$ 722.29)
Total trade	₹ 7,680.79 (\$ 1,729.34)	₹ 3,569.62 (\$ 753.07)	₹ 7,034.92 (\$ 1,553.43)	₹ 6,301.83 (\$ 1,316.29)	₹ 7,196.11 (\$ 1,325.43)

Source: MOC, New Delhi  
July 2013

**INDIA'S OIL IMPORTS FROM BAHRAIN**

(Amount in Thousand US Dollars)

<b>Details</b>	<b>January – December 2008</b>	<b>January – December 2009</b>	<b>January – December 2010</b>	<b>January- December 2011</b>
India's Oil imports	US\$1,650.08	US\$518.26	US\$517.603	US \$1655.888
<b>January- December 2012</b>				
US \$ 825,300				

Source: NOGA, Kingdom of Bahrain.  
March 2013

**3. Trade Promotional Activities organized in October 2013 in Bahrain and activities planned in the next six months.****Trade promotional activities organized (October 2013):**

- i) Monthly Economic and Commercial Bulletin for the month of October 2013, along with details of trade enquiries received from India, forwarded to leading Bahraini companies (BAH/COM/201/3/2013).
- ii) Weekly Economic Bulletins received from the ITP Division of the Ministry of External Affairs were forwarded by e-mail to Ministry of Finance, Bahrain Chamber of Commerce & Industry, and Economic Development Board and to the leading Bahraini companies.

**4. Trade and Commercial delegation from India to Bahrain and Trade and commercial delegation from Bahrain to India.****INDIA TO BAHRAIN:**

Minister of State for External Affairs [MOS(EA)] H.E. Mr. E. Ahmed led the Indian official delegation to Bahrain and jointly inaugurated the Bahrain-India Exhibition & Conference at 1000 hrs. on 22<sup>nd</sup> October, 2013 alongwith Dr. Hassan Fakhro, Industry and Commerce Minister of Bahrain. During his visit, MOS(EA) called on HRH the Prime Minister of Bahrain, HRH the Crown Prince of Bahrain, Industry and Commerce Minister of Bahrain and Finance Minister of Bahrain. Bahrain Economic Development Board hosted a dinner on 22<sup>nd</sup> October in honour of our MOS(EA) and the Indian delegation. Bahraini Minister of

State for Foreign Affairs hosted a working luncheon on 24<sup>th</sup> October in honour of MOS(EA). MOS(EA) also visited the exhibition separately and met the exhibitors. He also attended the Kerala Business Meet organized by the Ministry of Industry & IT, Kerala state government, on 23<sup>rd</sup> October.

Indian business delegation was led by Mr. N. Kumar, Past President of CII & Chairman of CII Institute of Quality Advisory Council & Vice Chairman of the Sanmar Group, Chennai. Acting CEO of Economic Development Board & Transport Minister of Bahrain H.E. Mr. Kamal bin Ahmed Mohamed hosted a business luncheon on 22<sup>nd</sup> October where Indian business participants were able to meet the prominent Bahraini business personalities. The Indian business delegation was also supposed to call on Dr. Hassan Fakhro, Industry and Commerce Minister of Bahrain, but at the last minute the Minister had to rush for an important meeting and the Indian business delegation was met by the Asstt. Undersecretary for Foreign Trade.

Government of India participation in the event included participation by Ministry of Commerce & Industry (Special Economic Zone), Kerala state government and a seminar-cum-presentation organized by the Indian Embassy on "Indian Economy & Opportunities for Foreign Investment". From the Bahraini side, apart from a session by the Bahrain Economic Development Board, a special seminar on bilateral cooperation in the healthcare sector at which Bahrain's Health Minister was the keynote speaker was the important part of the conference.

B2B meetings were held and a number of Indian businessmen entered into business deals with the Bahraini companies.

On the occasion of the Bahraini-Indian Investment Conference, the Economic Development Board (EDB) organised business meetings for 40 Bahraini and Indian businessmen that represent various sectors in order to strengthen investment ties and examine any bilateral opportunities.

#### **5. Important International Trade Fairs/Exhibitions in Bahrain. Report on recent such fairs/exhibitions, including details of Indian participation & response.**

**BAHRAIN – INDIA EXHIBITION (October 22-24, 2013):-** Under the patronage of H.E. Dr. Hassan A. Fakhro, Minister of Industry and Commerce, Chairman of Bahrain Exhibition and Convention Authority, the first Bahrain – India Conference and Exhibition, was held at the Bahrain International Exhibition and Convention Centre from 22-24 October, 2013. The Exhibition and Conference was jointly inaugurated by the Indian Minister of State for External Affairs H.E. Mr. E. Ahamed and Bahrain's Minister of Industry and Commerce H.E. Dr. Hassan Fakhro. A List of Indian participants, a list of Bahraini participants and a copy of the programme of the conference are attached.

## **2013**

<b>NAME OF EXHIBITION</b>	<b>SCHEDULED DATE</b>
JEWELLERY ARABIA 2013	NOVEMBER 19, 2013

BAHRAIN INTERNATIONAL DESIGN WEEK 2013

DECEMBER 03, 2013

MEET ICT 2013

DECEMBER 10, 2013

BAHRAIN INTERNATIONAL AIRSHOW 2014

JANUARY 16-18, 2014

**6. Important Trade & Investment activities by other countries in Bahrain and Analysis of Export performance of competing countries.**

**7. Analysis of global exports & imports of Bahrain especially with respect to products of export and import interest to India.**

**Bahrain's non-oil exports/imports  
(Top countries)**

**EXPORTS**

(Amount in Million)

<b>S.No.</b>	<b>Country</b>	<b>Amount in BD</b>	<b>Amount in US\$</b>
1	Saudi Arabia	275.30	729.55
2	U.A.E.	100.06	265.16
3	Qatar	77.65	205.77
4	U.S.A.	64.97	172.17
5	India	64.23	170.21
6	Sultanate of Oman	30.46	80.72
7	Kuwait	29.68	78.65
8	Egypt	23.30	61.75
9	Australia	20.05	53.13
<b>10</b>	<b>Jordan</b>	<b>18.39</b>	<b>48.74</b>
	Remaining countries	202.13	535.64
	Bahrain's total exports	906.22	2,401.49

**IMPORTS**

<b>S.No.</b>	<b>Country</b>	<b>Amount in BD</b>	<b>Amount in US\$</b>
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1	Saudi Arabia	171.01	453.17
2	U.A.E.	87.57	232.06
3	China	69.87	185.15
4	Australia	46.88	124.23
5	Japan	46.01	121.92
6	U.S.A.	35.69	94.57
7	Kuwait	28.99	76.82
8	U.K.	28.09	74.43
9	Germany	26.44	70.06
10	France	20.49	54.29
	Remaining countries	176.34	467.30
	Total	737.35	1,953.98
*	India	13.19	34.96

Source : BCCI, Bahrain

\*The above figures are not final, as per BCCI.

**Total trade in US\$ with India by top 10 commodities**

**India's non-oil exports/imports with Bahrain (Top commodities)**

**EXPORTS**

<b>Sl.No.</b>	<b>HS Code</b>	<b>Commodity</b>	<b>Amount in US\$ Million</b>
1	28	Inorganic Chemicals, Organic or Inorganic compounds of precious metals, of rare-earth metals, or radi, elem or of isotopes.	140.31
2	84	Nuclear Reactors, Boilers, Machinery and Mechanical Appliances.	63.71
3	85	Electrical Machinery and Equipment and Parts;Sound Recorders & Reproducers, Television Image Sound Recorders & Reproducers and Parts.	32.62
4	10.	Cereals	29.19

5	87	Vehicles other than Railway or Tramway rolling Stock and Parts and Accessories.	27.93
6	72	Iron and Steel	24.41
7	73	Articles of Iron and Steel	22.94
8	71	Natural or Cultured Pearls, Precious or Semi Precious Stones, Pre. Metals, Clad with Pre. Metal and Articles.	16.22
9	62	Articles of Apparel and Clothing Accessories, Not Knitted or Crocheted	10.95
10	39	Plastic and Articles	9.61
		<b>India's total exports to Bahrain</b>	<b>519.36</b>

### **IMPORTS**

<b>Sl.No.</b>	<b>HS Code</b>	<b>Commodity</b>	<b>Amount in US\$ Million</b>
1	76	Aluminium and Articles	108.82
2	26	Ores, Slag and Ash	85.08
3	72	Iron and Steel	47.56
4	25	Salt; Sulphur, Earths and Stone; Plastering Materials, Lime and Cement.	21.27
5	31	Fertilisers	15.08
6	74	Copper and Articles	10.99
7	15	Animal or Vegetable Fats and Oils and their Cleavage Products, Pre Edible Fats; Animals or Vegetable Waxex.	9.86
8	99	Miscellaneous Goods	9.26
9	47	Pulp or Wood of other Fibrous Cellulosic Material; Waste and Scrap of Paper or Paperboard.	6.97
10	49	Printed Books, Newspapers, Pictures and Other Products of the Printing Industry; Manuscripts, Typescripts and Plans.	3.44
		<b>India's total Imports from Bahrain</b>	<b>346.44</b>

Source: MOC's website: [www.commerce.nic.in](http://www.commerce.nic.in)

**8. Market prospects in respect of major items of Indian export interests.**

**Total trade in US\$ (Major items)**

**Bahrain's non-oil imports/exports (Top commodities)**

**EXPORTS**

<b>S.No.</b>	<b>Commodity</b>	<b>Amount in US\$Millions</b>
1	AGGLOMERATED IRON ORES	277.23
2	WASTE AND SCRAP OF CAST IRON	83.36
3	RECTANGULAR UNALLOYED ALUMINIUM	40.42
4	OTHER ALUMINUM ALLOYS BARS AND RODS	33.28
5	ALUMINIUM WASTE AND SCRAP	9.19
6	COLD -ROLLED STAINLESS, OVER 599MM	5.81
7	COPPER WASTE AND SCRAP	3.35
8	SULPHUR OF ALL KINDS	3.33
9	BARS AND RODS OF ALUMINIUM	2.51
10	POWDERS OF NON-LAMELLAR STRUCTURE	2.15
	<b>BAHRAIN'S TOTAL EXPORTS</b>	<b>460.63</b>

**IMPORTS**

<b>S.No.</b>	<b>Commodity</b>	<b>Amount in US\$ Millions</b>
1	ALUMINIUM OXIDE	61.34
2	COMPRESSORS USED IN REFRIGERATING	17.62
3	SEMI - MILLED OR WHOLLY MILLED RICE, WHEAT etc.	16.67
4	TELEPHONES FOR CELLULAR NETWORKS	11.04
5	BARS AND RODS OF IRON	9.71
6	OTHER ZINC - PLATED IRON OR STEEL	9.20
7	COTTON, NOT CARDED OR COMBED	8.14
8	REFINED SUGAR CRYSTALS	6.89
9	MOTORS OF AN OUTPUT NOT EXCEEDING 37.5	6.70

10	UNCOMBED SINGLE COTTON YARN	5.55
	<b>BAHRAIN'S TOTAL IMPORTS</b>	<b>152.86</b>

Source: CIO, Kingdom of Bahrain  
February, 2013.

## **9. Trade Enquiries from India and Trade Enquiries from Bahrain: Annexure-I**

### **10. Trade Complaints received during October 2013 and follow up action on earlier complaints: Nil**

### **11. Indian Investment in Bahrain (company-wise and sector-wise), and performance of existing Indian Subsidiaries/Joint Ventures/Collaborations, if any in Bahrain .**

### **12. Status of ongoing major investments by Indian PSU's/ Pvt Sector in Bahrain, and proposed Indian investments in Bahrain. - Nil**

### **13. Analysis of Investment opportunities in Bahrain**

There are good investment opportunities for India's share in Bahrain as Bahrain has planned large-scale industrial investments, which include an USD 4.8bn refinery upgrade by Bapco, an USD 2.2bn production line at Aluminium Bahrain (Alba), and an USD 1.2bn expansion by the Gulf Petrochemical Industries Company (GPIC). Bahrain has also announced plans to tender 5 MW of renewable energy projects. The Bahrain Airport Company announced plans to expand the Bahrain International Airport. In addition to the expansion of the main passenger terminal, a service center will be built. The capacity of the airport would increase from 9mn to 13.5mn passengers a year. In construction sector, there is high demand of building materials such as cement, granite, iron and tiles etc. Plastic, leather, furniture, thread and aluminium tubes industries, which generate substantial amount of revenues for the country, have huge potential for Investment. Construction work for a new insulin factory in Bahrain, by Gulf Biotech Company at an investment of \$93 million is underway. The plant is expected to start operations by mid – 2015.

### **14. Status of trade and investment related issues taken up by the mission with the Government of Bahrain**– Indian Embassy at the highest level took up the issue of participation by Engineers India Limited in the Sitra refinery petroleum project of Bahrain.

**15. Details and result of meetings & interactions of the Mission with Trade Industry and Economic Ministries/Department/Agencies in Bahrain:** During his visit to Bahrain, Minister of State for External Affairs H.E. Mr. E. Ahamed called on Commerce and Industry Minister of Bahrain Dr. Hassan Fakhro. From Indian side, the Minister was accompanied by Ambassador of India to Bahrain and Joint Secretary(Gulf) from Ministry of External Affairs. From Bahraini side also, senior officers at the level of Undersecretary and Asstt. Undersecretary (equivalent to Secretary and Additional Secretary in our hierarchy) were present. Both sides hailed the success of the first Bahrain-India Exhibition and Conference held in Bahrain from 22-24 October and felt that frequent business contacts between the two countries are necessary to take the bilateral trade further, and explore

more business and investment opportunities in each other's country. A similar view emerged when our MOS(EA) called on the Finance Minister of Bahrain.

**16. Important policy changes by the government of Bahrain, especially with respect of trade, investment, aid/credit facilities etc.**

Government efforts to boost the local skills base and narrow the cost gap between expatriates and locals have some impact, but the "Bahrainisation" quotas imposed on businesses will gradually be eased. Bahrainisation rate rises to 16% in Hospitality sector. Policy towards foreign investment is not changed greatly, as Bahrain is already very open to investment and is unlikely to introduce new protectionist measures. Bahrain seeks further foreign investment in information and communications technologies, and in knowledge based industries, and looks to develop its renewable energy potential. The government launches a public-private partnership to provide additional housing units. The role of the private sector gradually increases, driven partly by the state's limited financial resources. Competition is limited by the small size of the market and by the importance of personal connections in business.

**17. Position of Bahrain on WTO related issues and issues with respect to other important multilateral fora. Recent important changes in policy and public opinion in these areas - Nil**

**18. Major International Tenders & Bids invited in Bahrain. Nil**

**19. Aid/Assistance received by Bahrain from other countries/international agencies, funding organizations etc.**

Economic activity in 2013-2014 received a further boost from the GCC Development Fund under which the GCC member states are due to pay a total of USD10bn to Bahrain during the coming decade. The funds will be allocated to infrastructure projects but will not constitute part of the government budget. The government is reportedly planning USD 2.5bn worth of infrastructure projects using the GCC funding. These would include investments in roads as well as new schools. The Saudi Fund for Development remitted USD 448mn for development projects as part of the GCC fund following six agreements with the Bahrain's Ministry of Finance. USD 200mn of the funding is expected to go on housing and infrastructure projects in the Southern Governorate while USD 85mn is allocated to education. Another USD 13mn is understood to be earmarked for various infrastructure projects and \$ 27mn to water-related initiatives.

**20. Commercial, Economic and Political Report of Bahrain.**

**Commercial (October 2013):**

Bahrain's business environment is not expected to improve in 2014-18. The macroeconomic environment will deteriorate slightly, but infrastructure will gradually improve as a result of Gulf Co-operation Council-backed investment, which will also increase opportunities for the private sector. Overall, the country's global and regional rankings will remain unchanged. The role of the private sector increases gradually, driven partly by the state's limited financial resources. Competition is limited by the small size of the market and by the importance of personal connections in business. Policy towards foreign investment is not expected to change greatly, as Bahrain is already very open to investment and is

unlikely to introduce new protectionist measures. Bahrain will court more investment from Saudi Arabia. Bahrain seeks further foreign investment in information and communications technologies and in knowledge-based industries, and looks to develop its renewable energy potential. Broadband tariffs fall slowly under pressure from the regulator. The government provides private-sector incentives to build low-cost housing. The Khalifa bin Salman port capitalises on global economic recovery. The first phase of the Bahrain International Airport expansion is completed. There are plans to build an US\$8bn rail network and a US\$1bn Manama monorail by 2016. Work begins on the Qatar-Bahrain causeway.

### **Economic (October 2013):**

The Bahraini economy will continue to struggle in the face of continued domestic unrest, and we expect real GDP growth to fall to 3.7% in 2014 from 3.9% in 2013. Despite strong year-on-year growth of 5.3% in the second quarter of 2013, after rising by 4.2% in the first quarter, we retain our full-year estimate for real GDP growth of 3.9% in 2013. The major driver of growth was the mining sector (dominated by oil), where production accelerated following a pronounced slowdown during 2012 at the Abu Saafa oilfield, which Bahrain shares with Saudi Arabia, due to unscheduled maintenance. As oil production recovered strongly in the second half of 2012, we expect this positive base effect to diminish markedly in the third and fourth quarters of 2013. Nevertheless, we expect hydrocarbons to remain a major contributor to growth, and a planned move to build a larger oil pipeline from Saudi Arabia (and a simultaneous project to expand the capacity of Bahrain's Sitra refinery) will secure the importance of oil, despite the country's relatively low reserves.

Modestly expanding oil production and a recovering services sector will keep economic growth at around 3.7% in 2014-15. Growth will pick up to an average of 4.6% in 2016-18 as the new pipeline comes on stream at Aluminium Bahrain (Alba), the majority state-owned aluminium company (although this will require the construction of a liquefied natural gas terminal, as new gas supplies are a prerequisite for the Alba expansion). The financial sector, the cornerstone of the country's diversification strategy, will suffer because of the ongoing unrest, which has undermined Bahrain's long-cultivated business-friendly image. The government has increased spending on subsidies and house building, but we expect GCC donor aid to supplement (and partly to replace) public investment later in the forecast period. However, foreign businesses may be less interested in investing in Bahrain given the small size of the market and the insecure domestic political scene. Export growth will be driven mainly by goods, including rising aluminium output, as services exports will have to compete with the UAE and Qatar. Import growth will remain strong, given Bahrain's limited domestic production base.

### **Political (October 2013):**

Street violence, tyre burning, attack on security personnel/police, continued in Bahrain and the government and the opposition parties failed to reach any consensus during the National Consensus Dialogue meetings.

### **21. Pending References from the Mission: Annexure – II**

### **22. Monthly expenditure of the commercial Budget:**

(Expenditure incurred until 31.10.2013)

Sr. No.	Month	Salaries	Medical	Travel Expenses	Office Expenses	Rent, Rate & Taxes	Adv & Publicity	Trade Promotion	Total Expenditure	Progressive Expenditure
1.	April 2013	268657	14383	0	932	0	0	0	283971	283971
2.	May 2013	133888	0	0	36154	0	0	0	170042	454014
3.	June 2013	134511	24512	0	4705	158590	0	0	322319	776332
4.	July 2013	0	0	0	0	0	0	0	0	776332
5	August 2013	291412	41776	0	435	0	0	0	333624	1109956
6	Sept 2013	151144	0	288948	12382	180602	0	0	633077	1743033
7	Oct 2013	151037	0	0	69848	0	0	50000	270885	2013918

**23. Any other relevant inputs (October 2013):**

- i) A total of around 24 trade enquiries covering around 55 items received from India, were duly replied to (BAH/COM/245/1/2013)
- ii) Progressive Expenditure Statement for the month of October 2013 was sent to TA/TC Section, Ministry of Commerce and Industry, New Delhi (BAH/COM/551/2/2013).
- iii) Details of trade disputes between Indian and Bahraini companies as on 31<sup>st</sup> October, 2013 were sent to the DGFT, Ministry of Commerce, and New Delhi (BAH/COM/208/2/2013).
- iv) Upon request, status report on M/s. Lulu International Exchange B.S.C Manama, Bahrain, obtained from the Central Bank of Bahrain, a Government of Bahrain financial regulatory authority was forwarded to Federal Bank. (BAH/COM/217/1/2013)

Sd/-

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