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Sino-Bahraini relationship: two decades of growth and success

► Bilateral trade at record high as Kingdom attracts Chinese investors

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Blending a diversified economy with the Persian Gulf's largest and most successful financial services sector, Bahrain's reputation as a leading international business hub continues to be reinforced by growing numbers of wealthy Chinese investors.

With 2009 marking the 20th anniversary of diplomatic ties between the two countries, the overwhelming success of their relationship is illustrated by the large number of bilateral trade agreements. China is Bahrain's fourth-largest export market after Australia, Japan, and Saudi Arabia, with trade between the pair worth \$800 million last year, up from \$12 million in 1989.

A British protectorate before gaining independence in 1971, Bahrain has enjoyed annual growth of 6 percent in real terms for each of the past five years – success powered by its impressive financial services industry which comprises more than 400 international institutions. The sector generates nearly a third of the country's total revenue and provides jobs for more than 14,000 people, of which two thirds are Bahraini – a proportion welcomed by ministers who have embraced the concept of "Bahrainization" as they aim to secure greater employment opportunities for their citizens.

Predominantly a services-based economy due to dwindling oil and gas resources, the island's tourism, transport, and real estate sectors continue to shine brightly, with investment opportunities in abundance as the government moves to privatize major utility enterprises. Investors benefit from excellent regulatory and legal frameworks, modern infrastructure, first class transport links, and fast and reliable communication networks.

China has played a key part in Bahrain's emergence in the region with many Chinese companies managing large operations across a range of industries that include Information and Communications Technology (ICT), transport, and finance.

Bahraini Prime Minister Shaikh Khalifa Bin Salman Al Khalifa has helped build relations between the two countries, with China poised to

play a major role in Bahrain's Vision 2030 – the Kingdom's ambitious socioeconomic blueprint.

Featuring countless projects across a wide range of sectors and social categories, Vision 2030 aims to improve living standards through better health and education services, leading to higher productivity rates and a larger middle class. It includes a series of reforms to industry and governmental operations, and comprises a series of construction projects for new real estate developments and public facilities such as schools, hospitals, roads, bridges, and ports.

Invitations for investment

"The investment market in Bahrain is open to everyone," said Deputy Prime Minister Shaikh Mohammed Bin Mubarak Al Khalifa, who was Bahrain's Foreign Minister when bilateral relations with China were formed 20 years ago. "We invite China, with its capabilities and development levels, to invest here so that our important bilateral trade partner can enjoy a high standing through its great industrial and economic capacity."

The Deputy Prime Minister believes China can play a leading role in the country's implementation of

We hope our relations with China continue to prosper and that Chinese companies help develop our new infrastructure projects.

SHAIKH MOHAMMED BIN MUBARAK AL KHALIFA
Deputy Prime Minister of Kingdom of Bahrain

the development plan called Vision 2030. "We hope relations between us both will continue to grow and prosper and that Chinese companies help construct and develop our new infrastructure projects such as new housing and roads."

Bahrain, which recently became the first Gulf Cooperation Council (GCC) member to sign a Free Trade Agreement with the United States, showcased its potential during the World Economic Forum (WEF) on the Middle East in Jordan earlier this year.



Shaikh Mohammed Bin Mubarak Al Khalifa, Deputy Prime Minister



Omer Al Mardi, MD, Bahrain Financial Harbour

The delegation was led by Shaikh Salman Bin Hamad Al Khalifa, the Crown Prince of Bahrain who is also chairman of the Economic Development Board. China is hosting a key meeting of the WEF from September 10-12, as the city of Dalian provides a platform for international exchanges and a global overview of major economic, regional and industry developments.

"Cooperation between Bahrain and China increases continuously

and the scope of this cooperation widens to cover not only political, economical, and commercial issues, but also financial investments and cultural, education, and health issues," commented Chinese Ambassador to Bahrain, Li Zhiguo. "China is keen to further improve relations with Bahrain and is ready to increase bilateral efforts to improve the mutual cooperation between the two countries in all fields."

Firmly established as the region's leading financial services base, Bahrain continues to support and



Bahrain Financial Harbour masterplan.

pioneer new commercial projects that will act as catalysts for growth. Described by industry experts as the most innovative and exciting property development in the whole of the Middle East, the \$3 billion Bahrain Financial Harbour project is an eye-catching, self-contained financial city that reinforces the Kingdom's position as the region's financial capital. Containing banks, insurance companies, investment enterprises, and scores of associated firms in a host of related sectors, the state-of-the-art development will eventually occupy 380,000 sq m of prime waterfront property in Manama – Bahrain's capital.

Among its many tenants are the Wall Street organization WLL, Swiss banking group BSI SA (Generali), and high-end global property consultancy Knight Frank LLP. The huge development's showpiece is Harbour Towers, while the luxurious Harbour Mall will boast some of the world's best shops and designer brands. Bahrain Financial Harbour also comprises a wide range of retail, hotel, entertainment, and leisure facilities as it looks to become the main gateway to the many investment opportunities in the GCC region.

"Almost every day we are signing leases with international entities wishing to establish a presence in Bahrain or commence operations

from the Bahrain Financial Harbour," said Omer Al Mardi, managing director of Bahrain Financial Harbour. "Total GCC investment in the project exceeds 80 percent with GCC member states choosing to partner with Bahrain because they regard us as a trustworthy and neutral 'younger brother'."

"I am also extremely pleased that China is becoming more open to the Middle East and Bahrain as we admire its economic growth and ambition. China can reap many benefits from a partnership with Bahrain as our country is an international financial center and commodity exporter."

China's industrial strength

Al Mardi highlighted the growing presence of Chinese imports in daily life as firm proof of its successful trade ties with the country of around one million people.

"Bahrain is now seeing Chinese vehicles on its roads, Chinese industrial prowess, China's contribution to real estate, and a great deal of Chinese-made electrical goods and furniture," he stated. "The Chinese approach to growth and development is welcomed by the people of Bahrain and Bahrain Financial Harbour is the modern gateway to Bahrain's new business district for Chinese companies and global enterprises."

One of the country's leading providers of financial services, the Bank of Bahrain and Kuwait (BBK) celebrates its 25th anniversary this year. Its reputation as a world-class financial organization has seen it emerge as the banking partner of choice for Chinese investors in Bahrain. Led by CEO Abdulkarim Bucheery, BBK's many services range from card and depository accounts, to portfolio management and the financing of multi-million-dollar projects. The group has invested significant sums in the latest technology and pioneered Internet banking in the country. "We can help Chinese investors establish their businesses due to our great networks and excellent knowledge of the financial services sector," stated Bucheery. "Last year, we recorded one of the best profits in the Kingdom's banking sector and this year our profits will be even higher."

Bahrain's transport links are world class and the new \$3 billion Qatar Friendship Bridge will improve them further, while the giant new Khalifa Bin Salman Port and Bahrain Logistics Zone will reinforce its superb reputation as an international transshipment hub. "Bahrain has world-class infrastructure and its strategic location means it is a gateway to the region's billion dollar markets," said Shaikh Daij Bin Salman Al Khalifa, Chairman of the General Organization of Sea Ports.

Located close to oil and gas producing nations, Bahrain has long been a vital port for oil tankers. Formed in 1977, Arab Shipbuilding and Repair Yard Co (ASRY) enjoyed record sales of \$207.5 million in 2008 following its move into offshore services like oil rig maintenance. The company is investing heavily in new repair berths and upgrades to electrical and mechanical infrastructure as part of an expansion drive. "We have diversified our business and see huge opportunities for growth in many of these sectors," said ASRY CEO, Chris Potter. "Ship repair will remain our core business as we have a very good customer base, both regionally and internationally."

Bahrain opens Gulf's first polytechnic

Bahrain Polytechnic is a prestigious new state-of-the-art, independent tertiary education institute dedicated to the provision of the finest education, skills and knowledge for the Kingdom's young people that enables them to play a key role in the ambitious nation's economic transformation.

Established last year as a leading initiative of the National Education Reform Project Board, which is chaired by Shaikh Mohammed Bin Mubarak Al Khalifa, Deputy Prime Minister and Chairman of the Education and Training Reform Committee, Bahrain Polytechnic has the enviable reputation of being the first polytechnic in the Gulf region.

Based on international best practices and a cornerstone of the Kingdom's socioeconomic development through its Vision 2030 blueprint, Bahrain Polytechnic addresses the need for a skilled Bahraini labor force, with graduates being awarded qualifications of international standard.

Students can choose from a wide range of innovative courses and high-quality programs that have been developed in consultation with business, industry professionals and international education and training institutions.

They also benefit from the polytechnic's global approach that provides them with a valuable international perspective to business, with Bahrain Polytechnic seeking to form dynamic partnerships with top Chinese institutions in order to expand its reach to new horizons.

Led by CEO John Scott, Bahrain Polytechnic has pioneered its own qualifications framework to end confusion over the quality of certificates, degrees and diplomas issued in Bahrain.

Based on the frameworks of the UK, Australia and New Zealand, its qualifications are now the industry benchmark, with the content and quality of all courses audited and reviewed in line with the premier standards of the Malcolm Baldrige National Quality Award run by the National Institute of Standards and Technology in the US.

"Bahrain is taking a very bold step by establishing a polytechnic sector – something seen in nearly every developed country," said Scott. "We have been given a blank canvas; a once-in-a-lifetime opportunity to gather all the best ideas and best practices from around the world and put them together to create this wonderful, visionary and world-class polytechnic in the heart of Bahrain and the Gulf."

Scott highlighted the independence of Bahrain Polytechnic, the brainchild of the Economic Development Board (EDB), as being among its key strengths and main advantages.

"Our independence means we are benchmarked against world best practices. We have a board that is headed by Shaikh Mohammed Bin Essa Al Khalifa, CEO of the EDB, and all other members are industry representatives, apart from one. This is quite different



First intake of students celebrate the inauguration.

from the boards of other educational institutions in Bahrain as our board members are used to business-driven results."

Demand for places at Bahrain Polytechnic continues to grow at an ever-increasing pace, with more than 2,400 young people applying for the 600 places available this academic year.

"The reason we are not giving more places is that we have set very high entry criteria and the main concern is the knowledge of English," Scott explained.

"The EDB wants us to set the standard and, with our courses being internationally benchmarked, our students have to earn their qualifications. Bahrain Polytechnic is also ensuring that accreditations are internationally recognized."

As part of its drive to be the region's premier seat of learning, the polytechnic – under the leadership of the Crown Prince – is planning to construct an iconic campus that will transform it into an institution that is second to none in the world.

"We want to internationalize Bahrain Polytechnic and I would like to see our students going to Chinese educational institutions for a semester, particularly those entities with an international qualifications framework and English as a major component," said Scott.

"We have the vital task of creating a qualified and entrepreneurial workforce that will create jobs and a brighter future for Bahrain, and by 2030, we hope to have produced 20,000 young Bahraini graduates."

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Education key as industry and commerce fuel growth

► Skills and knowledge: Bahrain's Vision 2030 calls for heavy investment in education and its young people

Through its solid commitment to an open, transparent, and market-driven commercial environment, the Ministry of Industry and Commerce (MOIC) is working hard to improve Bahrain's competitiveness and encourage inward investment.

Led by Industry and Commerce Minister Hassan Abdulla Fakhro, the MOIC is a key component of the Kingdom's long-term development plan called Vision 2030 and its drive to become a knowledge-based economy.

"By investing in a base in Bahrain, Chinese investors will be better placed to win new contracts and seize business opportunities in the region," he said.

"China is a manufacturing superpower and Bahrain can only benefit from the presence of Chinese producers, while Chinese manufacturers can benefit hugely from our stable economy and business environment from which they can target the greater Middle East region."

Headed by Esam Abdulla Fakhro, the Bahrain Chamber of Commerce & Industry (BCCI) has played an effective role in the development of the Kingdom's private commercial and industrial sectors through a range of initiatives and activities.

The BCCI plays a leading role in the development of the country's global trade relations and is also a one-stop



Li Zhiguo,
Chinese
Ambassador
to Bahrain

shop for business services, data, and events, throughout the Bahraini business community.

"Bahrain has a very liberalized and open economy compared to its neighbors and we are working hard to strengthen our ties with other countries around the world," explained Fakhro.

"China is more important than ever to us and our arms are wide open for cooperation and joint ventures with Chinese companies. We offer a very investor-friendly environment and can enhance the Chinese economy by opening the Bahraini market for Chinese enterprises. China needs to diversify its presence and it makes a lot of sense for it to have an entity here in Bahrain in order to cater for the GCC market and north Africa."

Education is at the heart of Bahrain's Vision 2030 as officials seek to secure the country's future. The

Economic Development Board is spearheading a program of enhancements, which include the launch of Bahrain Polytechnic – the region's first such facility.

Under the National Education Reform Initiative, Bahrain is overhauling and improving its entire education system through a series of measures aimed at ensuring children and young people receive the best quality education that is in line with the government's policy of Bahrainization. The Quality Assurance Authority for Education and Training will review scholastic performance on a regular basis and play a key role in the raising of standards to international levels.

Deputy Prime Minister Shaikh Mohammed Bin Mubarak Al Khalifa, who is also Chairman of the Education and Training Reform Committee, says he is delighted with the progress made in the education sector over the last few years.

"Bahrain is working very hard to further increase its income level through the development of the education and training fields," he said. "Vision 2030 grants this target the highest priority as it aims to expand the middle class and double the rate of income by the year 2030."

Established in 2002, the University College of Bahrain (UCB) blends a passion for learning with a commitment to innovation, teamwork, and creativity. Housed in modern facilities and offering 700 students the latest technology, the non-profit university boasts affiliations with the American University of Beirut and the Hong Kong University of Science and Technology.

Such has been the success of these strategic alliances, UCB is now searching for partners in China to form similar affiliations with leading entities.

China is a manufacturing superpower and Bahrain can only benefit from the presence of Chinese producers.

HASSAN ABDULLA FAKHRO
Minister of Industry and Commerce of Kingdom of Bahrain



Ahlia University: international education provided locally.

"We are looking to open a campus in China and would like Chinese organizations interested in establishing a joint venture for a world-class university in China to contact us," said UCB founder and president, Shaikh Khalid Bin Mohammed Al Khalifa. "The Chinese government is encouraging and supporting foreign universities in opening facilities so we want to explore these opportunities as demand is strong for the type of high quality courses that we provide."

Leading educational establishment Ahlia University has graduated more than 1,000 students since its foundation in 2001 as it works towards its goal of being one of the world's top 5,000 universities. Run as a trust rather than a private enterprise, Ahlia University has around 2,000 students who attend six colleges run by more than 130 academic staff. A new \$120 million campus is now being designed, as the university looks to increase student numbers further, and set up fresh exchange programs with overseas universities, including some in China.

"We were the very first private university in Bahrain and our plan is to make sure the education sector grows by attracting students from GCC countries and the rest of the world," said Ahlia University president Abdulla Al Hawaj. "We want to work with univer-

sities around the world to exchange technology and knowledge and are looking to form successful partnerships with Chinese universities."

Bahrain's ICT sector is one of the largest and most innovative in the region due to the forward-thinking policies adopted by the government. Liberalization of the sector in 2003 had a huge impact on investment levels and the Kingdom's ICT networks now boast some of the best connectivity rates in the Gulf.

Chinese Ambassador Li Zhiguo believes the ICT industry is one area in which Bahrain and China can continue to forge successful partnerships for the benefit of the whole community. "There are three Chinese companies in the field of ICT working in Bahrain, of which two have selected the country for their regional bases," he said, adding such successes are repeated in other sectors as well.

"Chinese construction firms have entered Bahrain with projects worth more than \$200 million, while in the education sector the Chinese government grants scholarships to Bahraini students each year, and invites Bahraini students to study at Chinese universities and academies."

Such outstanding progress in the ICT sector is shown by the strong performance of Bahrain Telecommunications Company (Batelco) since it was sold by the government to private investors in 2002. Batelco's next generation network is the latest addition to its impressive network and technology portfolio. The major project was completed with the help of Chinese ICT giant Huawei. "The success of our partnership with Huawei has been absolutely fabulous - they have delivered impressively and we have not been disappointed," said Peter Kiliaropoulos, Batelco CEO.



University College of Bahrain: looking to establish in China.



Bahrain Chamber of Commerce & Industry

Strengthening ties with China

 Bahrain Chamber of Commerce & Industry

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Health sector in great shape

► Chinese companies invited to invest in Bahrain's rapidly expanding, modern public-private health-care partnerships

Greater provision of health care forms a key pillar of Vision 2030 and Bahrain is actively seeking public-private partnerships to assist the development and expansion of the sector.

For a relatively small country, Bahrain has a big reputation for health tourism due to its high quality care and modern technology. "Our health-care facilities are in line with international standards and benchmarks, although we need to focus on automation in order to improve access to these services," said Minister of Health, Dr Faisal Yacob Alhamer.

With its core focus on the development of world-class hospitality and health-care projects, Ithmaar Development Co (IDC) is poised to make a significant impact in Bahrain's fast-growing health tourism sector.

The wholly owned development arm of Ithmaar Bank BSC is creating the stunning Dilmunia Health Island – a \$1.6 billion health-oriented mixed-use resort that includes a Chinese-themed hotel. This flagship development is being built on a 1.25 million sq m reclaimed island, the anchor component of which is the Dilmunia Health District that will include a state-of-the-art wellness hospital, a modern maternity and children's hospital, and several health centers specializing in areas like acute care, aesthetics, diabetes,



Mohammed Khalil Alsayed,
CEO of
Ithmaar
Development Co

diagnostics, nutrition, research and sports medicine. Patient services at Dilmunia will include concierge services, airport transfer, interpreters, visa and travel services, and international medical and insurance coordination.

Billed as a secluded oasis centered on the concept of a "balanced life", Dilmunia will have extensive green areas and both covered and open promenades to promote physical activity. The development will also boast luxury hotels with spas offering holistic treatments from around the world, and a selection of apartments, condominiums, and villas, plus offices, malls, and restaurants.

As CEO of IDC, Mohammed Khalil Alsayed is charged with transforming the vision of Dilmunia Health Island

This is a great opportunity for Chinese companies to participate in a world-class project that will attract tourists from the Gulf and beyond.

MOHAMMED KHALIL ALSAYED
CEO of Ithmaar Development Co

into reality. He sees a range of opportunities for Chinese investors in all phases of this major project. "This is a great opportunity for Chinese companies to participate in a unique mixed-use project that is truly world class. Dilmunia Health Island will attract many tourists from the Gulf and beyond. We have a Chinese-themed hotel and are looking into alternative medicine - including traditional medicine from China. There are major opportunities for Chinese contractors and specialized companies in the island's development, and for firms that supply Chinese products such as furniture, decor, and interiors. The opportunities are endless."

As greater numbers of tourists enjoy Bahrain's natural beauty, so companies in the aviation sector benefit from higher passenger levels. Formed in 1990 and with prime locations at Bahrain International Airport and the new cruise liner terminal at Hidd Port, Bahrain Duty Free's fortunes have mirrored that of the Kingdom. Turnover and profits continue to climb, and the retailer has a new online sales portal. Bahrain Duty Free is also in-flight sales operator for leading low-cost airline Bahrain Air. With the expansion of the airport so that it can handle 28 million passengers a year by 2030 – four times its current capacity – the retailer is perfectly placed to take advantage of Bahrain's popularity among tourists and business executives. "As Bahrain grows and develops, the flow of people increases and that creates great opportunities for us," commented general manager, Steve O'Connor.



Medical cluster and wetlands park at Dilmunia Health Island.

A unique approach to investment in the Middle East



 Presenting dilmunia at Bahrain.

 A master-planned development positioning itself as a global leader in the promotion and enhancement of health and well-being. The Wellness Island Dilmunia is set to be developed on a man-made island off the north-east coast of Bahrain, offering investors, developers and hotel / facilities operators an exceptional investment opportunity. A unique approach to life, living and investment. A benchmark creation from the Ithmaar Development Company (IDC).

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