

TRADE IN FOCUS



BAHRAIN AND THE UNITED STATES BILATERAL TRADE ACTIVITY

June 2022



Introduction

The United States of America has the largest economy in the world, and is consistently ranked as one of the Bahrain's top 10 trade partners. 2022 marks 51 years of diplomatic relations between the United States of America and the Kingdom of Bahrain. Relations between the two countries were established in the 1971, following Bahrain's independence from the United Kingdom. Furthermore, the United States-Bahrain Free Trade Agreement (FTA) was implemented in 2006, making Bahrain the first Gulf Cooperation Council (GCC) member and third Arab country to enter an FTA with the United States. The agreement generates export opportunities by allowing two-way trade in industrial and consumer products to flow tariff-free. The agreement also creates jobs for Bahraini and American citizens, and enhances Bahrain's economic and political reforms. According to the Bahrain Economic Development Board, in the first 10 years of the FTA, the United States' export growth with Bahrain greatly surpassed other FTA partners in the same duration. There are over 200 US businesses that have a presence in Bahrain, including some of most renowned organizations globally.

The volume of trade between Bahrain and the US has grown by 8% between 2017 and 2021. Trade between the two countries declined during the start of the pandemic, but it rebounded in 2021 with an annual increase of 36% and exceeded \$2 billion. Furthermore, exports from Bahrain to the United States increased by 90% on an annual basis, from \$703 million in 2020 to \$1.3 billion in 2021. Considering the many promising sectors for cooperation between the two countries, there is a strong potential to increase the volume of trade amount. Additionally, Bahrain has the potential to attract more FDI from the US. The United States' economy is led by sectors such as technology, aerospace and defense and life sciences. There are promising opportunities for Bahrain to collaborate with the US in these sectors, in addition to manufacturing, energy, automotive and agribusiness. Moreover, Bahrain has an established financial sector and is considered a fintech hub in the region, and there is potential for US companies to invest in Bahrain's fintech sector.

Sources: The Office of the United States Trade Representative (USTR), Bahrain EDB, Bahrain MOICT, Information and e-Government Authority



Free Trade Agreement between the United States and Bahrain

The Bahrain-US Free Trade Agreement (FTA) was signed on September 14, 2004 and entered into force on August 1, 2006. The FTA between the Kingdom of Bahrain and the United States seeks to promote trade through the reduction of barriers between the two countries. The FTA outlines the duties and obligations of both countries in the elimination of trade tariffs on imports and exports. It further aims to liberalize other conditions of trade in goods and services between Bahrain and the US. The removal or reduction of tariffs and other trade barriers allows Bahraini businesses to expand the market for Bahraini goods and services in the United States. Furthermore, the FTA reduces or eliminates remaining barriers to inward investment by American investors that were already reduced under the bilateral investment treaty concluded between the two countries in September 1999.

Bahrain's overall objective for the FTA was to facilitate trade flows, stimulate inward flows of investment, expand key manufacturing and services sectors, and encourage the exchange of expertise to create employment opportunities and stimulate economic growth in Bahrain.



Higher Education



Textile



Financial Services

The FTA agreement covers 12 areas of investment, including higher education, textile and financial services. Bahrain is the first Gulf Cooperation

Council member and third Arab country to enter into a free trade agreement with the US. According to the Bahrain Economic Development Board, in the first 10 years of the FTA, the United States' export growth with Bahrain greatly surpassed other FTA partners in the same duration.

Sources: Ministry of Industry, Commerce and Tourism in Bahrain, Bahrain EDB, Ministry of Foreign Affairs in Bahrain

United States Trade Zone (USTZ) in Bahrain

Bahrain is developing a US trade zone (USTZ), which will be located at the Salman Industrial City, to advance bilateral trade between Bahrain and the US. The trade zone will be a regional center for commerce, manufacturing, logistics and distribution between US companies in Bahrain and the rest of the GCC. It will allow US companies to operate in an area equipped for goods exchange activities.

The main advantage of the zone is its strategic location and the access it provides. The zone will ease export operations through Khalifa Bin Salman Port, which is 5 minutes away, the Bahrain International Airport, which is 10 minutes away, and the King Fahd Causeway, which is 25 minutes away. Furthermore, it will increase trade exchange through any ports built in the future in the Kingdom.

An MoU was signed in 2021 establishing the trade zone, and it is expected to become operational by 2025. It will be developed as an area of 110,000 square meters but will eventually be expanded to 1.11 million square meters. The US trade zone is a testament to the special trade partnership between Bahrain and the United States, and will increase investment and collaboration between the two countries.

Sources: Bahrain EDB, Gulf Business, the National News



Economic Comparison between Bahrain and the United States

	United States	Bahrain
General Information		
Population	329.5 million	1.7 million
Area	9,147,420 square km	778.3 square km
Currency exchange Rate (USD)	1 USD	0.376 BHD
GDP and Prices (Annual change ratio / USD)		
Real GDP Growth (2021)	5.68%	2.23%
GDP Per Capita (US\$)	69,231	26,136
Government (Contribution as a proportion of GDP) 2020		
Government Spending	38.9%	33.9%
Public Debt	127.1%	132.9%
Trade		
Major Export Partners	Canada, Mexico, Japan	Saudi Arabia, UAE, USA
Major Import Partners	China, Mexico, Canada	China, Brazil, USA
Interest		
Interest rate	2.3%	1%
Other Economic Indicators (USD/1 billion)		
Inflation	1.2%	-2.3%
FDI (US\$1 billion)	\$156.3	\$1.0
International Rankings		
S&P Credit Rating	AA+/A-1	B+
Economic Freedom Index	25th	74th
Human Development Index	17th	42nd

Sources: World bank, Heritage.org, S&P Ratings, IMF



Bahrain Economy

With particular strengths in the financial services, technology innovation, manufacturing and logistics sectors, Bahrain's economy is the most diversified in the GCC region. Bahrain's economy is also one of the most open economies in the Middle East and North Africa (MENA) region. The Kingdom is well positioned to provide traders and investors access to regional and international markets due to the free trade agreements in place, excellent infrastructure, and strong financial institutions.

Bahrain's Economic Vision 2030, which is based on the principles of sustainability, competitiveness and fairness, aims to improve living standards, enhance the economy's competitiveness and create job opportunities for citizens. Consequently, Bahrain views foreign direct investment as key to its long-term plan, and is committed to build the Middle East's most attractive center for business through building on the country's existing advantages.

The esteemed Government recently announced a national economic growth and fiscal balance plan, which includes several initiatives aimed at developing the economy and creating quality opportunities for citizens. It is based on 5 pillars as follows:

- Create promising job opportunities and make the Bahraini citizen the first choice in the labor market. The program aims to create 20,000 Bahraini jobs and train 10,000 Bahrainis annually until 2024.
- Facilitate business procedures and increase their efficiency to attract investments worth more than \$2.5 billion by 2023.

- Launch strategic projects worth more than \$30 billion.
- Develop promising sectors and grow the non-oil sector by 5% in 2022.
- Enhance financial sustainability and economic stability by achieving fiscal balance by 2024.

Bahrain's financial sector is among the strongest in the world. In the Islamic Finance Development Report 2021, Bahrain ranked in the 4th position out of 135 countries. In addition, the Kingdom has been ranked the least risky country in the Arab region for the second year in a row in the Basel AML Index 2021.

Source: International Trade Administration, Ministry of Finance and National Economy, Ministry of Foreign Affairs, Bahrain EDB

Bahrain GDP

Bahrain's economy is expected to grow by 3.29% in 2022 and 2.98% in 2023, according to the IMF's forecasts.

Main Indicators	2019	2020	2021f	2022f	2023f
GDP (Current prices, billions USD)	38.653	34.723	38.869	44.169	45.421
GDP (Constant prices, Annual % Change)	2.17	-4.94	2.23	3.29	2.98
GDP per Capita Current Prices, USD)	26,051	23,586	26,136	29,103	29,327

Note: f = forecasted data

Source: IMF – World Economic Outlook Database, April 2022

Bahrain GDP by Sector

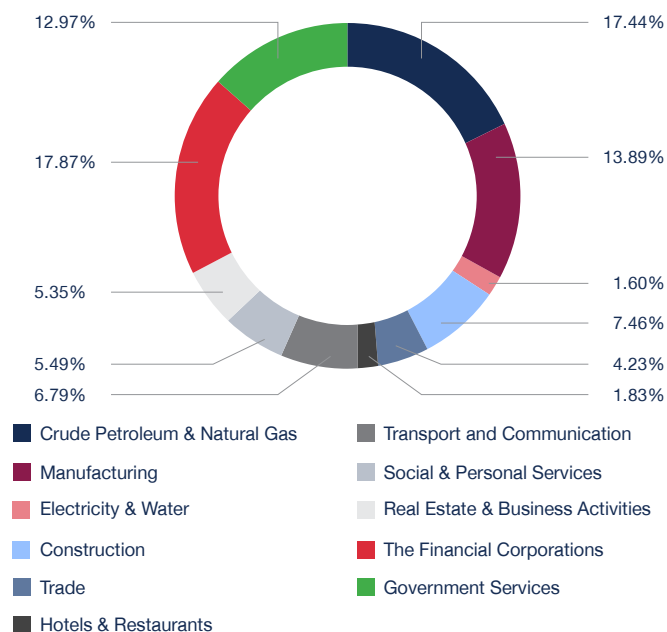
The Financial Corporations sector is the largest contributor to GDP in Q4 2021 at 17.87%, followed by the Crude Oil and the Natural Gas sector at 17.44% and the Manufacturing sector at 13.89%.

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Bahrain Real GDP by Sector Q4 2021



Source: Information and e-Government Authority

Bahrain FDI

Statistics published by Bahrain's Ministry of Finance and National Economy in Q4 2021 indicate that the Finance and Insurance sector acquired the highest share of FDI stocks, followed by the Manufacturing sector. Inward FDI stocks in the Financial and Insurance sector amounted to about BHD 8.3 billion, constituting 66.6% of total inward FDI stocks as of Q4 2021. In addition, 14.8% of the total inflow value was injected into the Manufacturing sector, amounting to BHD 1.8 billion.

Sector	Inward Foreign Direct Investments Stocks (million BHD)	Share of Sectors (%)
Finance and Insurance	8,384.4	66.6%
Manufacturing	1,857.9	14.8%
Wholesale and Retail trade	596.2	4.7%
Information and Communication	449.8	3.6%
Others	1,296.9	10.3%
Total	12,585.1 million BHD	

Source: Ministry of Finance and National Economy

Foreign Investment Advantages in Bahrain



100% foreign ownership in several economic activities, without the need for a local partner.



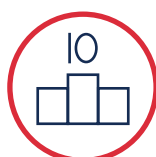
No tax imposed on corporate or personal income.



Access to the Gulf markets, which are worth nearly \$2 trillion and include 54 million consumers.



Talented workforce with exceptional skills and a very high level of professionalism.



Bahrain is among the top ten attractive destinations for expatriate workers in the world.



Operation costs are around 30% lower than other GCC markets.



United States Economy

The United States is the world's largest economy. In 2019, the US surpassed Netherlands to become the world's largest recipient of foreign direct investment and maintained its position in 2020. Although economic activity declined rapidly in the United States as a result of the COVID-19 pandemic in 2020, the decline was less severe than other advanced large economies and the country quickly recovered. President Biden's American Rescue Plans stimulated private consumption and contributed to the overall GDP growth.

United States GDP by Sector

The US economy is highly industrialized with high levels of productivity. The industrial sector contributes to 18.2% of the American GDP and employs 19.9% of the workforce. Furthermore, the US is the world's largest producer of liquid natural gas, aluminum, electricity and nuclear energy. The American agriculture sector is also one of the world's largest. However, agriculture only accounts for 0.9% of the US economy and employs 1.3% of the workforce. The US is primarily a service-based economy, and the services sector accounts for 77.3% of the

Sources: Santander Trade, The World Bank, IMF

US economy and employs over 78.7% of the country's workforce. Finance, insurance, real estate, rental, leasing, business services also contribute to a significant portion of the economy.

United States GDP

The United States' economy is expected to grow by 3.71% in 2022 and by 2.25% in 2023, According to the IMF's forecasts.

Main Indicators	2019	2020	2021f	2022f	2023f
GDP (Current prices, billions USD)	21,373	20,894	22,998	25,347	26,695
GDP (Constant prices, Annual % Change)	2.29	-3.41	5.68	3.71	2.25
GDP per Capita (Current prices, USD)	65,052	63,078	69,231	76,027	79,710

Note: f = forecasted data

Source: IMF – World Economic Outlook Database, April 2022



United States FDI

The main investing countries in the United States are Japan at 15%, Canada at 12.9%, and Germany at 11.6%. The primary invested sectors are Manufacturing, Financial and Insurance, Wholesale Trade, and Holding companies (non-bank).

FDI Inflows to United States by Country

Main Investing Countries	% In 2019
Japan	15%
Canada	12.9%
Germany	11.6%
United Kingdom	9.9%
Ireland	7.6%
France	6.9%
The Netherlands	6.4%
Switzerland	5%
Austria	1.9%
Spain	1.9%

FDI Inflows to United States by Sector

Main Invested Sectors	% In 2019
Manufacturing	40.8%
Financial and Insurance	12.1%
Wholesale Trade	10.3%
Holding companies (non-bank)	5.6%
Banking	4.9%
Professional, scientific, and technical services	4.4%
Information	4.1%
Retail	3.4%

Source: OECD Statistics - Latest available data



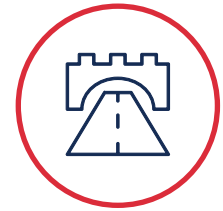
Foreign Investment Advantages in the United States



Provides foreign investors with a stable and welcoming market.



Predictable and transparent legal system.



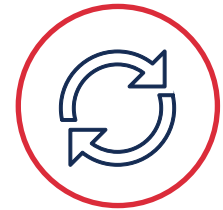
Outstanding infrastructure.



Access to the world's most lucrative consumer market.



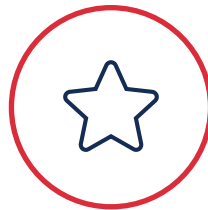
The number of listed companies make the US market a unique investment opportunity for international investors.



Biggest market in terms of turnover.



Largest consumer market on earth with a GDP of \$20 trillion and 329 million people.



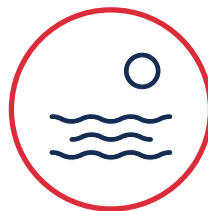
The US is a world leader in consumer goods market research, product innovation, manufacturing, and branding and marketing.



The availability of a highly skilled workforce.



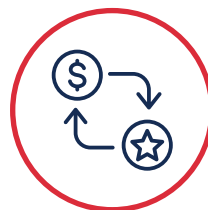
Fair and safe working environment.



Vast and varied landscapes with abundant natural resources.



Developed, liquid, flexible, and efficient financial markets.



Availability of Foreign-Trade Zones, which are designated locations in the US where companies can use special customs procedures that help encourage US activity and value added - in competition with foreign alternatives - by allowing delayed or reduced duty payments on foreign merchandise, as well as other savings.

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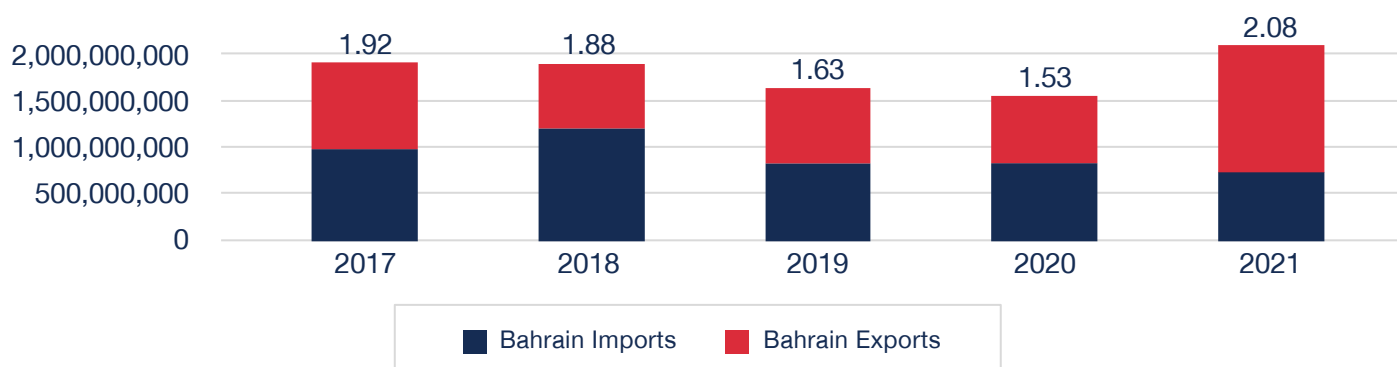
Bahrain- United States Total Trade Performance

Trade between Bahrain and United States has grown by 8% from 2017 to 2021.

The United States is one of Bahrain's top trade partners, and the volume of trade between the two countries has grown by 8% between 2017 and 2021. During 2021, the United States was Bahrain's 3rd top export partner and 6th top import partner.

The trade exchange between the two countries declined slightly from 2018 to 2020. Trade has rebounded, however, in 2021 with an increase of 36% from \$1.5 billion in 2020 to \$2.1 billion in 2021. It is also notable that exports from Bahrain to the United States increased by 90% on an annual basis, from \$703 million in 2020 to \$1.3 billion in 2021. On the other hand, imports from the United States decreased by 11% from \$829 million in 2020 to \$740 million in 2021.

Bahrain- United States Bilateral Trade (billion USD)

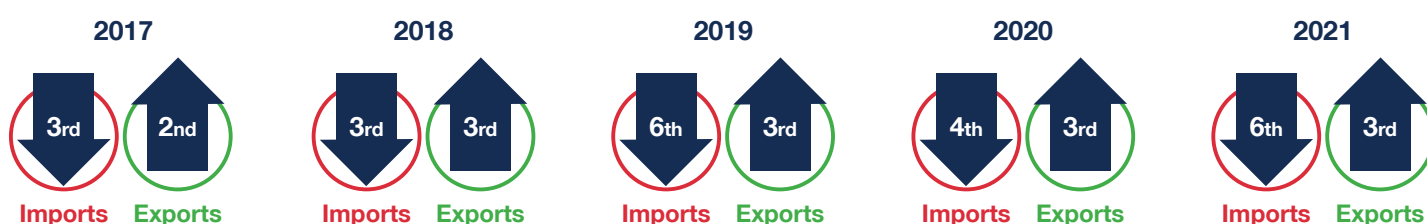


Bahrain- United States Bilateral Trade (USD)

Year	Imports	Exports	Balance of Trade	Volume of Trade	VOT Annual Percentage Change
2017	968,834,663	946,880,456	-21,954,207	1,915,715,119	-
2018	1,198,800,309	682,596,225	-516,204,084	1,881,396,534	-1.8%
2019	836,633,531	792,257,722	-44,375,809	1,628,891,253	-13.4%
2020	829,041,806	702,737,137	-126,304,669	1,531,778,943	-6.0%
2021	740,441,666	1,335,717,988	595,276,322	2,076,159,654	+35.5%

Source: Information and e-Government Authority Bahrain

The United State's Trade Partnership Levels with the Kingdom of Bahrain





Major Products Traded

Bahrain Imports from the United States

7 of the top 10 imports from the United States witnessed positive y-o-y growth, while only 3 contracted.

In 2021, Bahrain's top imported product was parts for aircraft engines, valued at \$59 million. The import value of this product decreased by 27% compared to the previous year and constituted 8% of total imports. The second most prominent imported product was Jeeps, current year, spark ignition, over 3000 CC, and it accounted for 6% of total imports and grew by 102% compared to 2020. The third major import was other centrifugal pumps, and it accounted for 3.6% of the total annual imports and grew by 2094% annually.

Bahrain Major Imported Commodities from the United States 2021

	Commodity	Value (USD)	% Share	Y-o-Y Growth
1	Parts for aircraft engines	59,284,087	8%	-27%
2	Jeeps, current year, spark ignition, over 3000 CC	42,361,413	5.7%	102%
3	Other centrifugal pumps	26,868,086	3.6%	2094%
4	Butter	25,197,505	3.4%	516%
5	Other medicaments put in forms or packings for retail sale	22,344,426	3%	27%
6	Jeeps, current, spark ignition, 1501 to 3000 CC	17,513,961	2.4%	-17%
7	Composite diagnostic or laboratory reagents	16,088,724	2.2%	13%
8	Turbo- jets of a thrust exceeding 25 KN	15,973,996	2.2%	-23%
9	Medical solutions but up in measured doses or in forms packings for retail sale	11,859,085	1.6%	13%
10	Private cars, current, spark ignition, over 3000 CC	11,461,266	1.5%	8%

Source: Information and e-Government Authority



Bahrain Exports to the United States

All top 10 exports to the United States witnessed positive y-o-y growth.

Bahrain exported \$572 million worth of unwrought aluminum alloys to the United States in 2021, making it the top exported commodity. This product accounted for 43% of total exports in 2021 and grew by 342% compared to 2020. The second major product exported aluminum wire, not alloyed, over 7 mm thick, accounting for 13% of the total annual exports and witnessing an annual growth rate of 54%. The third major product exported was rectangular alloyed aluminum plates, over 0.2 mm thick, accounting for 9.3% of total imports and growing by 206% compared to 2020.

Bahrain Major Exported Commodities to the United States 2021

	Commodity	Value (USD)	% Share	Y-o-Y Growth
1	Unwrought aluminum alloys	571,583,788	42.8%	342%
2	Aluminum wire, not alloyed, over 7 mm thick	168,802,019	12.6%	54%
3	Rectangular alloyed aluminum plates, over 0.2 mm thick	123,769,569	9.3%	206%
4	Polyethylene terephthalate sheets, film, etc.	86,986,391	6.5%	141%
5	Refined copper tubes and pipes	57,652,519	4.3%	135%
6	Other bed linen of cotton	40,673,231	3%	16%
7	Aluminum electric wire with steel core, not insulated	32,694,557	2.4%	118%
8	Agglomerated iron ores and concentrates	32,028,245	2.4%	273%
9	Other aluminum wire and cable, not insulated	27,881,728	2.1%	179%
10	Urea, whether or not in aqueous solution	26,130,490	2%	13%

Source: Information and e-Government Authority

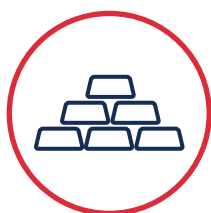


Potential Opportunities for Trade

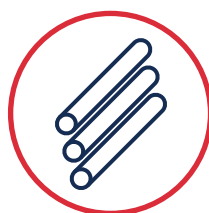
The following tables provide an overview of the top 10 commodities with untapped potential for trade between Bahrain and the United States according to the International Trade Center’s Export Potential Map which collaborates with Export Bahrain. The ICT trade potential tool calculates the potential trade gap as “supply x demand (corrected for market access) x bilateral ease of trade. Supply and demand are projected into the future based on GDP and population forecasts, demand elasticities and forward-looking tariffs” (International Trade Center, 2022).

Bahrain Untapped Export Potential to the United States

Bahrain’s top export potential to the United States is in aluminum, jewelry, and food preparations.



Aluminium, not alloyed,
unwrought



Aluminium alloys, unwrought



Jewellery, of precious
metal, nes

Commodity		Untapped Export Potential (USD)
1	Aluminium, not alloyed, unwrought	\$70 mn
2	Aluminium alloys, unwrought	\$59 mn
3	Jewellery, of precious metal, nes	\$56 mn
4	Food preparations	\$36 mn
5	Ferrous products obtained from iron ore	\$31 mn
6	Wooden furniture, nes	\$28 mn
7	Urea	\$21 mn
8	Parts & accessories of motor vehicles, nes	\$11 mn
9	Perfumes & toilet waters, nes	\$10 mn
10	Bridges & bridge-sections	\$9.8 mn

Source: International Trade Center, 2022

In terms of untapped export potential to the United States, the first major commodity is aluminum, with an estimated \$129 million gap. This is followed by precious metal jewelry with an estimated export gap of \$56 million. Other potential exports from Bahrain to the United States include food preparations, ferrous products, wooden furniture, urea, motor vehicles parts, and perfumes.



Bahrain Untapped Import Potential from the United States

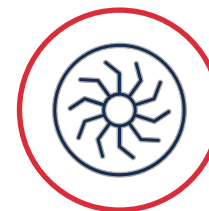
Bahrain's top import potential from the United States is in motor vehicles, fowls and offal, and parts of gas turbines.



Motor vehicles for the transport of persons, nes



Fowls, cuts & offal, frozen



Parts of gas turbines

	Commodity	Untapped Import Potential (USD)
1	Motor vehicles for the transport of persons, nes	\$54 mn
2	Fowls, cuts & offal, frozen	\$24 mn
3	Parts of gas turbines	\$21 mn
4	Gas powered trucks <=5t	\$21 mn
5	Wheat (excl durum) & meslin	\$16 mn
6	Gas turbines of a power >5.000kW	\$15 mn
7	Waste & scrap of aluminium	\$10 mn
8	Heat-exchange units	\$9.5 mn
9	Electric conductors >=1.000V	\$9.5 mn
10	Aluminium oxide, n.e.s	\$9.5 mn

Source: International Trade Center, 2022

The top product with untapped import potential from the United States is motor vehicles for the transport of persons, nes with an import gap of \$54 million. The second major product is fowls, cuts & offal, frozen, with an untapped import potential of \$24 million. The third major product with untapped import potential is parts of gas turbines, with an import gap of \$21 million. Other potential imports from the United States to Bahrain include gas powered trucks, wheat, and gas turbines.



Promising Sectors for Investment in the United States



Manufacturing

The US manufacturing industry is gaining momentum post-pandemic, with a movement towards increased digitalization.

The US manufacturing industry is the second largest in the world behind China, and it is gaining momentum post-pandemic due to the vaccine rollout and rising demand. There is a strong increase in new orders for all major subsectors and industrial production and capacity utilization is exceeding pre-pandemic levels. According to Deloitte projections based on the Oxford Economic Model (OEM), GDP growth in the manufacturing sector is expected to reach 4.1% in 2022. It is increasingly important for manufacturing industries to maintain competitiveness by integrating digitalization in their functions, and this includes smart factory initiatives, enterprise transformation and e-commerce. Trends in manufacturing include using sensors to track assets and connecting machinery to the cloud, as well as utilizing IIoT. Robotics, automation platforms, and AI-enabled tools in production. Compared to many competitors globally, there is good possibility of carrying out advanced manufacturing production in the US. Investment in robots and cobots could increase operational efficiency. Efficiency can also increase with reliance

on technologies such as cloud computing and 5G deployment. The value of advanced manufacturing became more apparent during the pandemic, such that manufacturers leveraged advanced methods to make new products and fulfill supply chain gaps.



Aerospace and Defense

There are significant opportunities for innovative companies in the advanced aerospace and defense sector in the US, with the proliferation of technologies such as digital thread and smart factory.

The US aerospace and defense industry is one of the largest worldwide, particularly when it comes to infrastructure and manufacturing activities. In 2022, commercial air travel and customer order activity are recovering after declining at the start of the covid-19 pandemic and this bodes well for the aerospace and defense industry in the US. According to Mordor Intelligence, the industry sales revenue reached USD 296 billion in 2019, representing 1.8% of the nation's GDP. The industry is forecasted to grow from USD 416.63 billion in 2020 to USD 550.78 billion, recording a CAGR of around 2.37% during the forecast period (2021-2030). The market's growth can be mainly attributed to investments in the A&D sector and is supported by the rising demand for products of the sector by both commercial and military end-users. Technologies, such as digital thread and smart



factory, are expected to become more commonplace in A&D company operating systems in 2022. These technologies will allow companies in the market to gain vital material and component supply visibility to ensure efficient production and faster design to delivery. The expansion of smart parts and products creates opportunities for digital service offerings, and this includes AI and machine learning. Commercial air travel, particularly domestic travel, is recovering strongly and this should drive an increase in aftermarket activity such as increased maintenance, repair and overhaul work. The defense industry has not suffered from the repercussions of the pandemic as much as the commercial aerospace industry, and the strength in US military spending can be attributed to significant investment in R&D and long-term projects. The space market is also growing, driven by advancements in technologies such as rapid prototyping and space services.



Agribusiness

There are several advantages to investing in the agribusiness industry in the US, and a trend towards robotics, IoT and sustainability.

The agriculture, food and related industries contributed \$1.055 trillion, or 5%, to the U.S. GDP in 2020. The US has several advantages in this sector, including a fertile agricultural land and high level of efficiency, in addition to increased access in the Canadian market

due to the United States-Mexico-Canada Agreement (USMCA). Food security has become increasingly important considering the covid-19 pandemic, which includes the diversification of international suppliers and strategic stockpiling. Furthermore, the U.S. Department of Agriculture (USDA) announced an investment of more than \$146 million in sustainable agricultural research projects that strive to improve the agricultural system. Areas that are expected to grow within the global agribusiness industry include robotics, the internet of things (IoT), waste reduction and sustainability and healthy plant-based food alternatives.



Automotive

The US is home to many iconic car manufacturers, and there is a high-demand in the automotive sector due to an extended road network and desire for versatile commercial vehicles.

The US automotive industry is home to some of the most renowned car manufacturers, such as Tesla inc., General Motors Co., and Ford Motor Company. Furthermore, the US is a big exporter and importer of auto parts and automobiles. According to Mordor Intelligence, the value of the US automotive market was \$63 billion in 2020, and it is expected to reach \$75 billion by 2026, at a CAGR of around 3% during the forecast period (2021-2026). Key players in the US automotive service market have significant



opportunities due to the increase in the sales of used cars in the US market. There is a high demand for motor vehicles in the US due to its extended road network and dependence on cars. Trends in the industry include the integration of artificial intelligence in automotive company functions, and this includes AI-based automated vehicle inspection technology for vehicle inspection. Scope Technology is a US-based technology company that has leveraged this kind of technology in collaboration with Microsoft Azure's cloud computation, and this has resulted to a decrease in the duration of the visual inspection process to 5 minutes and a reduction in the cost by 50%. Additionally, the market for electric vehicles is growing and sales of plug-in electric cars amounted to 1% of the United States' overall vehicle share in 2019. This will create opportunities for the OEMs, aftermarkets, tire manufacturers, and the supply chain industry. There is an increased demand for commercial vehicles in the US, including pick-up trucks that can transport both cargo and passengers, and such vehicles often require extensive servicing.

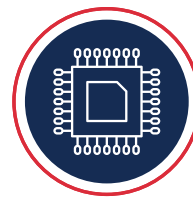


Energy

The US has a competitive energy industry with opportunities for investment in energy transition activities.

The United States is a major player in the production and supply of energy and is one of the largest energy consumers globally. The industry is highly competitive

due to growing consumer demand and innovation, as well as a competitive workforce and supply chain in certain industry segments. Energy companies in the US cover a wide range of subsectors, including the production of oil, natural gas, coal, renewable fuels, and electricity from clean sources, including wind, solar, hydropower, geothermal, and nuclear power. Many US companies rely on emerging products and services such as smart grid technologies to carry out their activities. There are investment opportunities within energy transition activities. The US government calls for investing almost \$98 trillion in energy systems over the coming 3 decades.



Technology

The US has the largest technology market worldwide and growing subsectors include Blockchain, Artificial Intelligence, and Virtual Reality/Augmented Reality.

According to The Computing Technology Industry Association (CompTIA), the United States has the largest technology market in the world. The US technology industry represents 33% of the global market, generating \$1.8 trillion in 2022. Within the United States, the technology sector constitutes approximately 10.5% of the country's overall economic value during a given year. 27 states in the United States have a robust technology sector that provides \$10 billion or more in direct economic value to the



state, the most prominent of which are Washington, California, Massachusetts and Colorado. Half of the spending in the US technology market is allocated to software and tech services, which is significantly greater than the rate in many other regions. Data from Bain & Company demonstrates that 52% of the total market value growth in the technology sector comes from “born tech” companies that have technology as a central part of their identity. This is followed by companies with a tech-led strategy that augments more traditional models. The top 3 technology sectors that are growing the fastest are Blockchain for Decentralized Finance, Artificial Intelligence, and Virtual Reality/Augmented Reality (AR/VR). Furthermore, there are opportunities to provide services in the cybersecurity sector in the US, including ransomware protection, penetration testing, cyber-insurance or compliance risk evaluation.



Life Sciences

There has been increased investment in the life sciences sector in the US due to the pandemic, and there are expanded opportunities within this sector because of the new mRNA technology.

The life sciences sector in North America is growing because of a rise in new products and technology, as well as an increase in public and private investment. Life sciences-related companies in North America

have received \$70 billion of private equity (PE) capital and public National Institutes of Health (NIH) funding in 2020, and \$78 billion in 2021. The industry’s success is likely to continue in 2022, as the development of mRNA technology will expand the possibility for treatment of diseases such as cystic fibrosis, cancer and HIV. Investment in biotechnology surged during the pandemic, with \$86.3 billion invested between 2020 and 2021. Worldwide medtech sales grew by 14% in 2021, largely due to device sales related to covid-19 testing. Furthermore, there has been an increase in sales of devices to support an aging population, and people battling chronic illnesses, such as heart disease, arthritis, cancer and diabetes. Devices to help the population manage their illnesses include wearable monitoring devices and drug delivery systems. Technological advances will continue to improve the effectiveness of these devices and increase demand for them. Moreover, increased investments are expected in AI, cloud, AR/VR, and IoT technologies. Collaboration among life sciences companies has become more common during the pandemic, as companies that were formerly competitors combined their efforts to fulfill the urgent need for treatments, vaccines and medical devices. Additionally, investments in cell and gene therapies represent a third of private investments in life sciences, and are expected to increase in the near-term.

Sources: Deloitte, Mordor Intelligence, National Institute of Standards and Technology US, U.S. Department of Agriculture, Research and Markets, Investment Monitor, The Computing Technology Industry Association (CompTIA), Cushman & Wakefield



Conclusion

Bahrain and the United States have maintained a strong trading relationship over the past 5 years, with the US consistently ranking as one of Bahrain's top 10 trade partners. The FTA between the two countries has eased trade and expanded horizons for economic cooperation and investment since being implemented in 2006. Furthermore, the volume of trade between Bahrain and the US has rebounded in 2021, after a slight contraction for two years, and has exceeded \$2 billion. There is, however, potential to further increase the volume of trade between Bahrain and the US through collaboration in promising sectors.

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