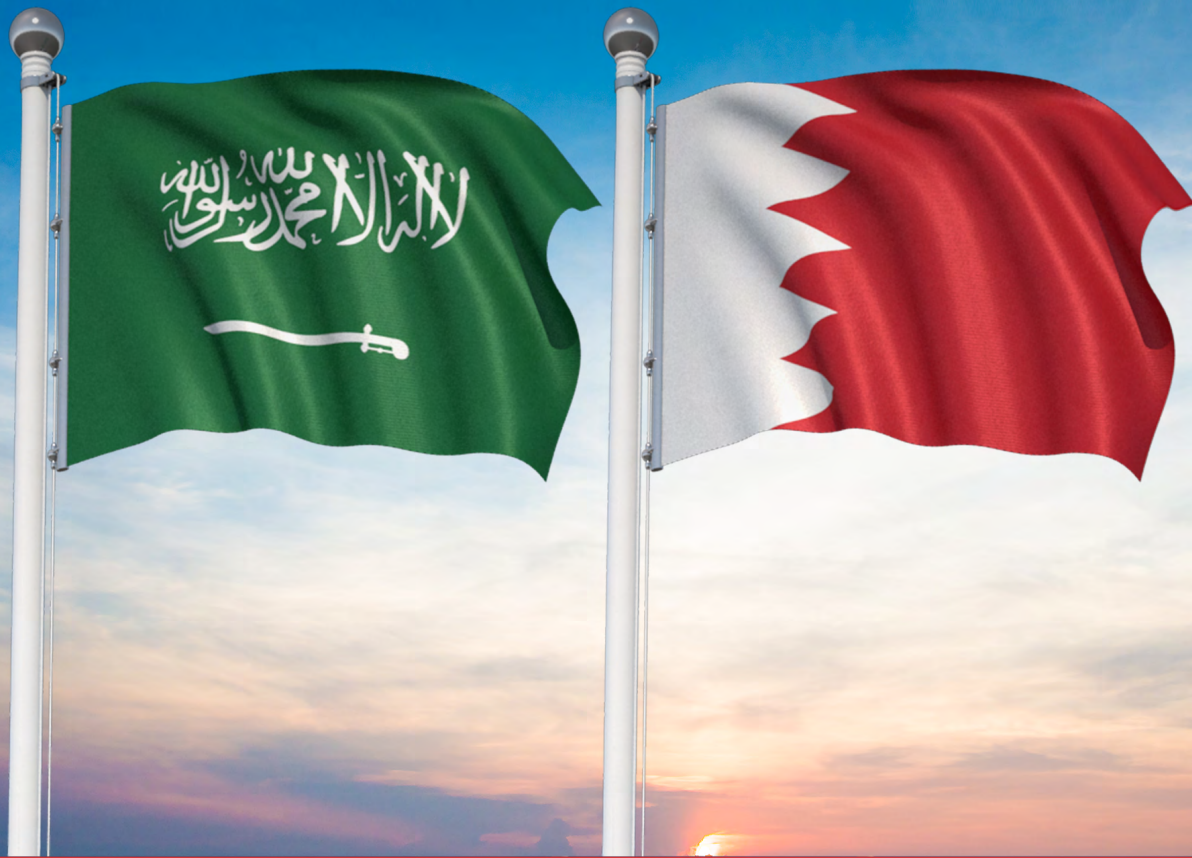


# TRADE IN FOCUS



## BAHRAIN AND SAUDI ARABIA BILATERAL TRADE ACTIVITY

JUNE 2024



## Introduction

The origins of relations between Bahrain and Saudi Arabia as states go to the first Saudi state (1745-1818) and then gained in strength during the second Saudi state (1840-1891), on to the first meeting of the founding King Abdulaziz bin Abdulrahman Al Saud with Shaikh Isa bin Ali Al Khalifa in Bahrain. The bonds are getting increasingly closer and more robust at all levels based on the countries' similar stances on multiple issues, their widespread ties of kinship, their shared heritage, and their common destiny.

The two countries have regularly presented common views on various issues of shared interest and integrated their endeavors to over Gulf, Arab and international action.

Saudi Arabia is Bahrain's 5th top import partner and the top export partner. The volume of trade exchange between the two countries reached \$3.9 billion in 2023.

Saudi Arabia has been, and for a long time, the first trade partner of Bahrain with trade activities going back several decades.

Saudi Arabia is an economic strategic depth for Bahrain, as it is a large economic market for the Bahraini private sector to promote its goods and products.

Bahrain represents an extension of the Saudi market in promoting Saudi goods and products, and in this context the Bahraini and Saudis Businessmen Council plays a major role in increasing the size of economic and joint ventures.

The announcement of the opening of a representative office for the Saudi-Bahraini Investment Company not only contributes to stimulating the economy between the two countries, but also helps both countries leapfrog and accelerate the pace of economic recovery to achieve the ambitious economic visions of the two sister kingdoms and pushes towards positive, sustainable change led by the leadership of both countries with a passion for the aim of localizing technologies and knowledge.

Sources: Ministry of Foreign Affairs Bahrain, Information and e-Government Authority, BNA



## Economic Comparison between Bahrain and Saudi Arabia

	KSA	Bahrain
General Information		
Population	32.2 million	1.5 million
Area (square km)	2,149,690	786.5
Currency exchange Rate (1 USD)	3.75 Saudi Riyal	0.38 BHD
GDP and Prices (Annual change ratio / USD)		
Real GDP Growth (2022)	7.49%	4.89%
GDP Per Capita (2022)	\$34,454	\$28,782
Government (Contribution as a proportion of GDP)		
Government Spending (2022)	28%	29%
Government Gross Debt (2022)	24%	117%
Trade		
Major Export Partners (2023)	China, Japan, India	KSA, UAE, US
Major Import Partners (2023)	China, US, UAE	China, UAE, Brazil
Other Economic Indicators		
Inflation (2023)	2.3%	-0.3%
FDI (2023)	\$28.8 billion	\$1.6 billion
International Rankings		
S&P Credit Rating (2023)	A	B+
Economic Freedom Index (2024)	69 <sup>th</sup>	54 <sup>th</sup>
Human Development Index (2023-2024)	40 <sup>th</sup>	34 <sup>th</sup>

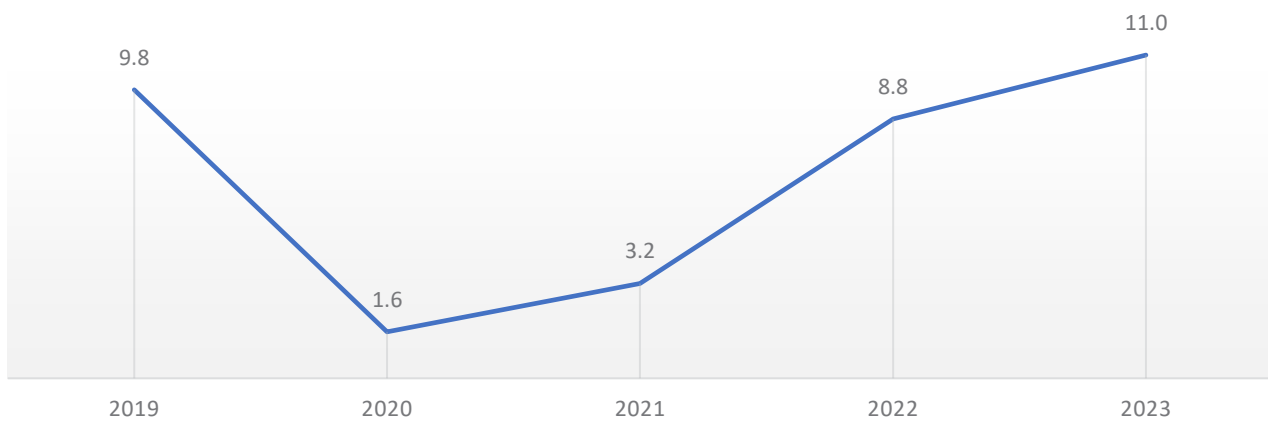
Source: Heritage, S&P Ratings, IMF, UNDP Human Development Reports, Information and e-Government Authority, Mofne Annual report 2023, World Bank, General Authority for Statistics



## Bahrain – Saudi Arabia Relations

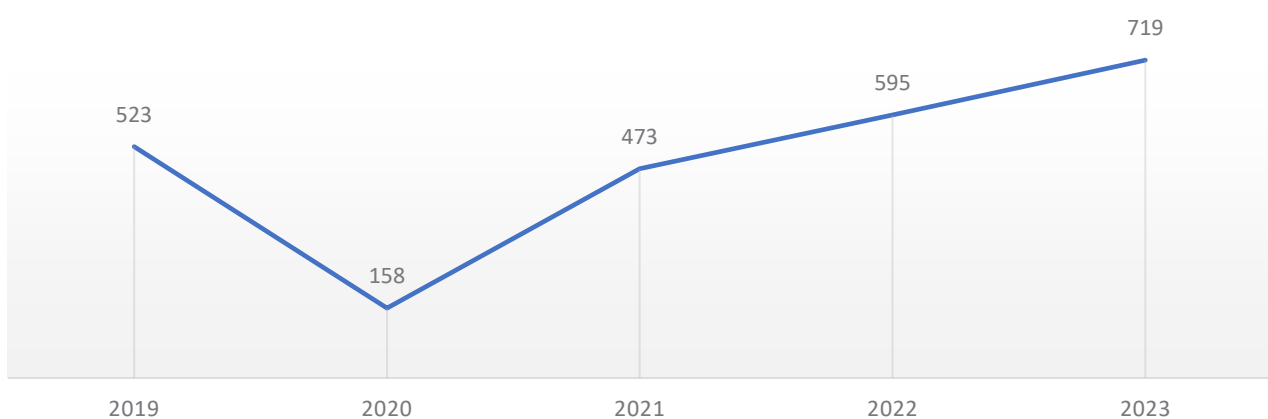
### - Tourists

**Saudi Inbound Visitors (million)**  
Increased by **12%** from 2019 to 2023



### - Real estate

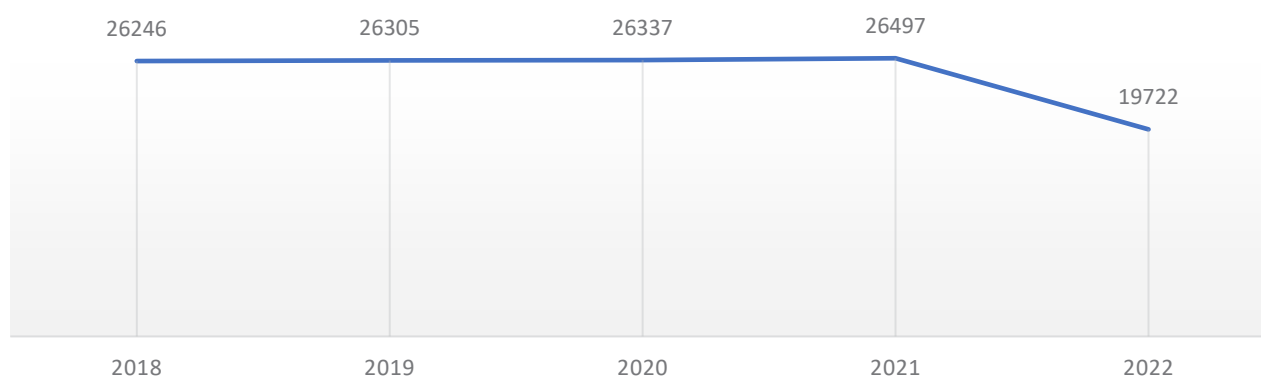
**Number of Saudi's Owning Real Estate in the Kingdom of Bahrain**  
Increased by **37%** from 2019 to 2023





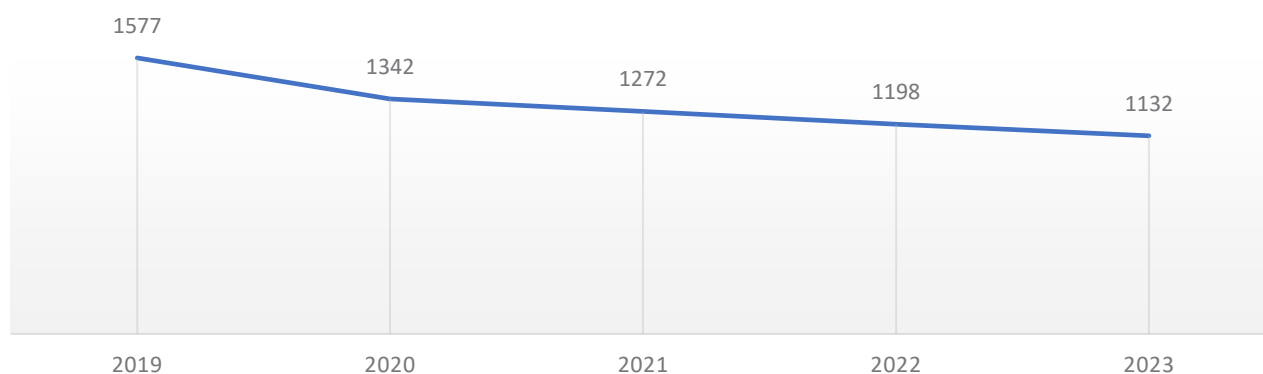
**- Investment**

**Number of Saudi Shareholders in Joint Stock Companies in Bourse  
Decreased by 25% from 2018 to 2022**



**- Students**

**Number of Saudi Students Registered in Governmental Higher Education  
Institutions  
Decreased by 28% from 2019 to 2023**



Source: Information and e-Government Authority



## 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 with 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 enhancing the country's existing advantages.

The Government's national economic growth and fiscal balance plan 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.

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 3.57% in 2024, according to the IMF's forecasts.

Main Indicators	2021	2022	2023f	2024f	2025f
GDP (Current prices, billions USD)	39	44	45	47	49
GDP (Constant prices, Annual % Change)	2.59	4.89	2.62	3.57	3.16
GDP per Capita Current Prices, USD)	26,116	28,782	28,262	28,876	29,337

*Note: f = forecasted data*

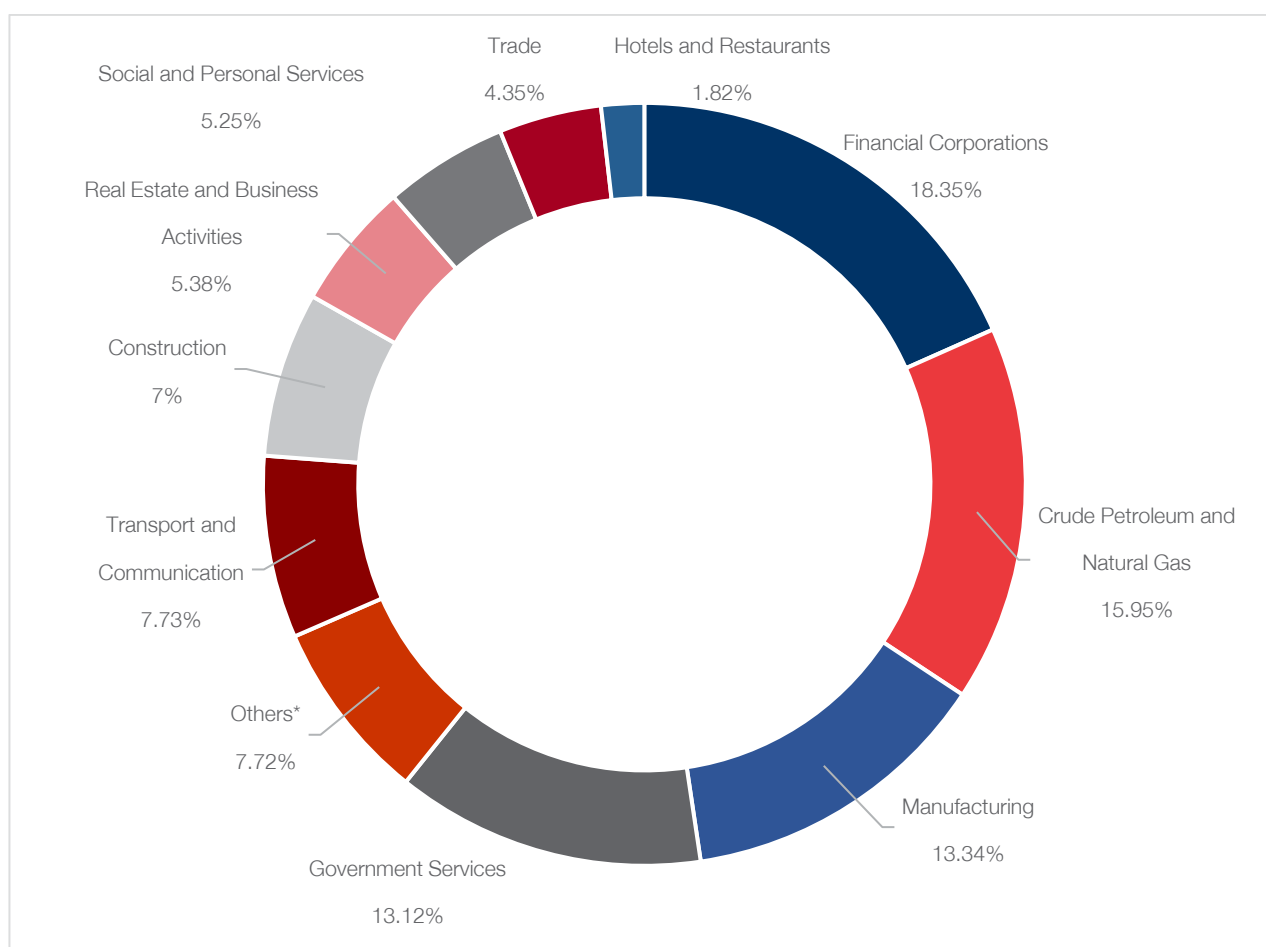
Source: IMF – World Economic Outlook Database, April 2024



## Bahrain GDP by Sector

The Financial Corporations Sector is the highest contributor to GDP in Q4 2023 at 18.35%, followed by the Crude Petroleum & Natural Gas Sector at 15.95% and Manufacturing at 13.34%.

**Real GDP Contribution by Sector Q4 2023**



Source: Information and e-Government Authority



## Bahrain FDI

The Finance and Insurance sector acquired the highest share of FDI stocks in 2023, amounting to \$10,652 million and constituting 66% of total inward FDI stocks. Inward FDI stocks in the Manufacturing sector amounted to about \$2,204 million, constituting 14% of total inward FDI stocks. In addition, 5% of the total inflow value was injected into the Wholesale and Retail Trade sector, amounting to \$738 million.

Sector	Inward Foreign Direct Investments Stocks in 2023 (Million USD)	Share of Sectors (%)
Finance and Insurance	10,652.19	66%
Manufacturing	2,203.97	14%
Wholesale and Retail Trade	738.19	5%
Professional, Scientific and Technical Activities	689.58	4%
Others	1,915.77	12%
<b>Total</b>	<b>16,199.70</b>	

Source: Information and e-Government Authority Bahrain



## 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.
-  • Annual cost of operating a manufacturing business in Bahrain is 20-56% lower than that of its select GCC peers.
-  • Among the top ten attractive destinations for expatriate workers in the world.

Source: Bahrain EDB



## **Saudi Arabia Economy**

The Kingdom was the fastest growing G20 economy in 2022, with non-oil GDP growing by about 4.8%, and unemployment rates among Saudis falling to their lowest historical level. It decreased to 8%, noting that Saudi women's participation in the labor market has reached a record level of about 37% (from 18% in 2017), exceeding the 30% target within Saudi Vision 2030.



As for foreign direct investment, the net flow of foreign direct investment (FDI) in the Kingdom amounted to more than 13 billion SAR during Q4 2023, an increase of 16% compared to Q3 2023, which was about 11 billion SAR.

It is noteworthy that the Kingdom of Saudi Arabia is currently witnessing an acceleration in the pace of digital transformation and an increase in women's participation in the labor market, in addition to reforms in the regulatory and business environment, investment in human capital, and the continued growth of the non-oil gross domestic product. Saudi Vision 2030 builds a vibrant and diversified economy, works to develop promising industries, attract investments, and provide growth opportunities for entrepreneurs and job opportunities for individuals.

Source: IMF – Ministry of Finance KSA – General Authority of Statistics



## Saudi Arabia GDP

Saudi Arabia's economy is expected to grow by 2.55% in 2024, according to the IMF's forecasts.

Main Indicators	2021	2022	2023	2024f	2025f
GDP (Current prices, billions USD)	874	1,109	1,068	1,106	1,171
GDP (Constant prices, Annual % Change)	5.08	7.49	-0.76	2.55	5.97
GDP per Capita Current Prices, USD)	28,396	34,454	32,530f	33,040	34,295

*Note: f = forecasted data*

Source: IMF – World Economic Outlook Database, April 2024



## Saudi Arabia FDI

The net flow of foreign direct investment (FDI) in the Kingdom amounted to more than 13 billion SAR during the fourth quarter of 2023, an increase of 16% compared to the third quarter, which was about 11 billion SAR.

Net Flow Foreign Direct Investment is defined as It represents the difference between the inflow and outflow of Foreign Direct Investment into the country.

### Quarterly FDI net inflows

Period	Q3 2023	Q4 2023
Amount (Million SAR)	11,359	13,187



Source: General Authority of Statistics



## Foreign Investment Advantages in Saudi Arabia

- ❖ **Large Economy:** The 18th largest economy in the world and the 1st in the Arab world and the Middle East, supported by a stable government system.
- ❖ **Strategic Location:** Saudi Arabia is located at the center of three continents which provides up to 10% distribution cost advantage to GAFTA and Arabian Peninsula markets.
- ❖ **Leading Reforms:** Saudi Arabia is the first reformer and improver in the world according to the World Bank Group.
- ❖ **Quality Healthcare:** Ranked number 26 worldwide for the quality of the healthcare system, Saudi Arabia enjoys world-class facilities and services.
- ❖ **Ease Of Access:** Visitors from 51 countries are now able to obtain e-visas online in less than 2 hours or upon arrival, making it easier to visit and conduct business in the Kingdom.
- ❖ **Quality Of Life:** Transformation of the quality of life in the Saudi Arabia is stimulating market demand and growing the potential for investment.
- ❖ **Financial Investment:** Saudi Arabia offers the financial benefit of having no income tax from individuals.

Source: Industrial Center - KSA

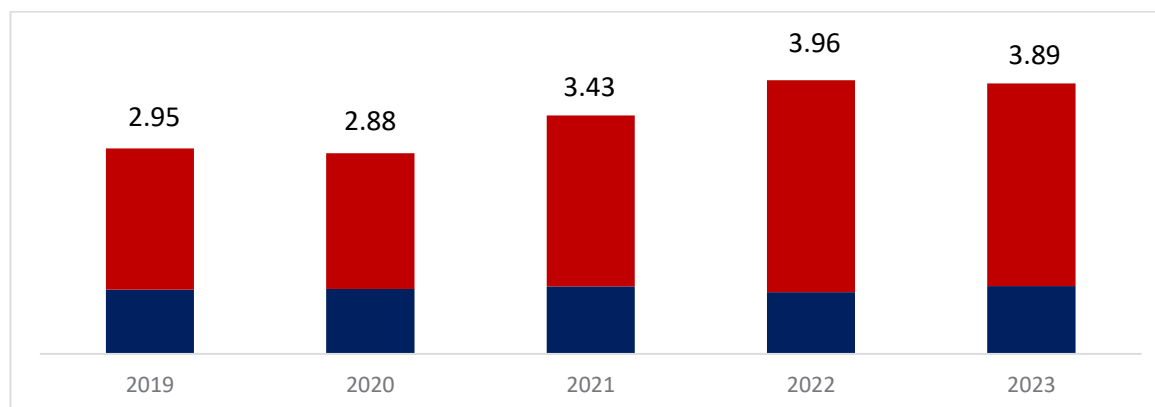


## Bahrain- Saudi Arabia Total Trade Performance

**Volume trade between Bahrain and KSA increased by 32% between 2019 and 2023.**

Saudi Arabia is one of Bahrain's top trade partners. Despite the slight decrease in the volume of trade between the two kingdoms by 2% from 2019 to 2020. However, the volume of trade between Bahrain and KSA increased by 19% from \$2.9 billion in 2020 to \$3.4 billion in 2021. Over the past 5 years, imports from KSA to Bahrain have increased by 5%, from \$927 million in 2019 to \$976 million in 2023. On the other hand, exports from Bahrain to KSA have increased by 44% during the same period. In 2023, KSA is Bahrain's top export partner and 5<sup>th</sup> top import partner.

**Bahrain- Saudi Arabia Bilateral Trade (million USD)**





## Bahrain- Saudi Arabia Bilateral Trade

Year	Imports	Exports	Balance of Trade	Volume of Trade	VOT Annual Percentage Change
<b>2019</b>	926,755,158	2,027,446,711	1,100,691,553	2,954,201,869	-
<b>2020</b>	935,922,935	1,948,475,843	1,012,552,908	2,884,398,778	-2%
<b>2021</b>	969,976,716	2,460,689,757	1,490,713,041	3,430,666,473	19%
<b>2022</b>	888,027,649	3,048,114,060	2,160,086,411	3,936,141,709	15%
<b>2023</b>	976,054,462	2,913,822,682	1,937,768,220	3,889,877,144	-1%

Source: Information and e-Government Authority Bahrain

## Ranking of Saudi Arabia's Trade Level with Bahrain

Year	Imports	Exports
<b>2019</b>	4 <sup>th</sup>	1 <sup>st</sup>
<b>2020</b>	2 <sup>nd</sup>	1 <sup>st</sup>
<b>2021</b>	5 <sup>th</sup>	1 <sup>st</sup>
<b>2022</b>	7 <sup>th</sup>	1 <sup>st</sup>
<b>2023</b>	5 <sup>th</sup>	1 <sup>st</sup>

Source: Information and e-Government Authority Bahrain



## Major Products Traded

### Bahrain Imports from Saudi Arabia

#### 8 of Bahrain's top 10 imports from Saudi Arabia witnessed y-o-y growth.

In 2023, Bahrain's top imported product from KSA was Unwrought Aluminum, Not Alloyed, valued at \$77 million. The import value of this product increased by 809% compared to the previous year and constituted 8% of total imports. The second most prominent imported product was other Aluminum Oxide, which accounted for around 3% of total imports and grew by 99% compared to 2023. The third major import was Refined Sugar Crystals, which valued at \$30 million and grew by 27% compared to the previous year.

Bahrain Major Imported Commodities from Saudi Arabia 2023				
	Commodity	Value (USD)	Share	y-o-y growth
1	UNWROUGHT ALUMINIUM, NOT ALLOYED	77,308,776	8%	809%
2	OTHER ALUMINIUM OXIDE	30,414,780	3%	99%
3	REFINED SUGAR CRYSTALS	29,738,940	3%	27%
4	MEAT AND EDIBLE OF FOWLS OF THE SPECIES GALLUS DOMESTICUS NOT CUT IN PIECES	27,157,924	3%	4%
5	OTHER MEDICAMENTS PUT IN FORMS OR PACKINGS FOR RETAIL SALE	25,308,488	3%	53%
6	HOT-ROLLED STEEL BARS WITH DEFORMATIONS, IRREGULAR COIL	22,443,752	2%	-3%
7	CARBOYS, BOTTLES, JARS, POTS, PHIALS AND OTHER CONTAINERS, OF GLASS	18,632,367	2%	29%
8	OTHER PORTLAND CEMENT	18,533,849	2%	-27%
9	OTHER MILK, UNSWEETENED	17,626,358	2%	0.2%
10	Non-aerated beverages, sweetened with fruit flavour	14,066,753	1%	79%



## Bahrain Exports to Saudi Arabia

**7 of Bahrain's top 10 exports to Saudi Arabia witnessed y-o-y growth, while 3 contracted.**

Bahrain exported \$538 million worth of Agglomerated Iron Ores and Concentrates to KSA in 2023, making it the top exported commodity. This product accounted for 18% of total exports in 2023. The second major product exported was unwrought aluminum alloys, accounting for 13% of the total annual exports and witnessing an increase of 10% compared to 2022. The third major product exported was Semi – Finished Iron and Steel Under 0.25 Percent Carbon Rect, accounting for 8% of total Export and increasing by 6% compared to 2022.

Bahrain Major Exported Commodities to Saudi Arabia 2023				
	Commodity	Value (USD)	Share	y-o-y growth
1	AGGLOMERATED IRON ORES AND CONCENTRATES	538,317,837	18%	-22%
2	UNWROUGHT ALUMINIUM ALLOYS	384,587,867	13%	10%
3	SEMI-FINISHED IRON AND STEEL, UNDER 0.25 PERCENT CARBON, RECT.	237,796,042	8%	6%
4	BRIDGES AND BRIDGE-SECTIONS	227,428,238	8%	33%
5	PROCESSED CHEESE, NOT GRATED OR POWDERED	213,047,689	7%	-5%
6	ALUMINUM WIRE, NOT ALLOYED, OVER 7 MM THICK	212,505,241	7%	2%
7	SWEET BISCUITS	39,833,127	1%	13%
8	RIGID TUBES OF POLYMERS OF VINYL CHLORIDE	36,559,335	1%	-28%
9	PREPARATIONS FOR MAKING LEMONADE OR OTHER SOFT DRINKS	35,824,956	1%	17%
10	OTHER WOODEN FURNITURE	31,543,220	1%	95%

Source: Information and e-Government Authority Bahrain



## Potential Opportunities for Trade

The following tables provide an overview of the top 10 commodities with untapped potential for trade between Bahrain and Saudi Arabia, 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’s Untapped Export Potential to Saudi Arabia

**Bahrain’s top export potential to KSA is in Wire of aluminium, non-alloyed >7mm, Bridges & bridge-sections, and Processed cheese.**

	Commodity	Untapped Export Potential
1	Wire, of aluminium, non-alloyed >7mm	\$92 mn
2	Bridges & bridge-sections	\$88 mn
3	Processed cheese	\$55 mn
4	Compound plasticisers for rubber/plastics	\$14 mn
5	Rigid tubes of polymers of vinyl chloride	\$11 mn
6	Stranded wire with steel core, of aluminium	\$6.8 mn
7	Stranded wire, n.e.s., of aluminium	\$6.4 mn
8	Wire, of aluminium alloys >7mm	\$6 mn
9	Aluminium alloys, unwrought	\$3.8 mn
10	Angles, shapes & sections, of iron/steel, welded	\$428 k



The top product with untapped export potential from Bahrain to Saudi Arabia is Wire of aluminium, non-alloyed >7mm, with an export gap of \$92 million. This is followed by Bridges & bridge-sections with an export gap of \$88 million. The third major commodity with untapped export potential is Processed cheese, with an untapped export potential of \$55 million. Other potential exports from Bahrain to KSA include Compound plasticisers for rubber and Rigid tubes of polymers of vinyl chloride.

## Bahrain's Untapped Import Potential from Saudi Arabia

**Bahrain's top import potential from Saudi Arabia is in Fowls, Surface-active & washing preparations, for retail & unwrought gold.**

	Commodity	Untapped Import Potential
1	Fowls, whole, fresh	\$21 mn
2	Surface-active & washing preparations, for retail	\$19 mn
3	Gold, unwrought, for non-monetary purposes	\$19 mn
4	Bars & rods of iron or non-alloy steel	\$13 mn
5	Cement clinkers	\$12 mn
6	Polyethylene, specific gravity <0,94, in primary forms	\$9.9 mn
7	Aluminium, not alloyed, unwrought	\$9.8 mn
8	Polyethylene, specific gravity >=0,94, in primary forms	\$9.2 mn
9	Sanitary articles	\$9.2 mn
10	Electric conductors >=1.000V	\$7.2 mn

Source: International Trade Center, 2022



The top product with untapped import potential from KSA to Bahrain is Fowls, whole, fresh, with an import gap of \$21 million. The second major product is Surface-active & washing preparations, for retail, and Gold, unwrought, for non-monetary purposes with an untapped import potential of \$19 million. The third major product with untapped import potential is Bars & rods of iron or non-alloy steel, with an import gap of \$13 million. Other potential imports from KSA to Bahrain include Sanitary articles and Electric conductors.



## Promising Sectors for Investment in Saudi Arabia

### Agriculture & Food Processing

Saudi Arabia's food processing industry stands as a robust and expanding sector, with increasing demands both locally and internationally for its products, particularly seafood, dates, and halal items. With approximately \$42 billion in food and beverage industry size and predicted to expand at 3% per year over the next five years, this industry is underpinned by a strong support system that meets both high quality standards and the dynamic needs of a growing market. Saudi Arabia has earned a reputation for producing genuine halal food, positioning it to potentially lead the global halal market, which is currently valued at \$1.3 trillion. Given this background of excellence and significant growth potential, the food processing sector in Saudi Arabia represents a sound investment opportunity.

In addition, Saudi Arabia has a compelling value offering in the food processing sector, as evidenced by huge and expanding local and regional market demand. The country's exceptional supply of dates serves as an ideal foundation for export-oriented firms. Furthermore, its extensive marine resources assure large and sustainable seafood catches. These qualities, combined with a well-developed ecosystem and efficient supply-chain management, make Saudi Arabia an appealing location for food production and export businesses.

Source: Invest Saudi



## Healthcare and Life Sciences

Saudi Arabia's healthcare and life sciences sector represents one of the most significant investment opportunities in the Kingdom, accounting for 60% of the healthcare expenditure among GCC countries. This sector remains a key priority for the Saudi Arabian Government, which is actively encouraging the growth of private sector involvement through various initiatives including privatization and the introduction of new healthcare financing models.

As part of Saudi Vision 2030, the government is dedicated to improving the quality of healthcare services and facilities, while making optimal use of available resources. This strategic vision includes an ambitious plan to invest over \$65 billion to enhance the country's healthcare infrastructure. The plan also encompasses the reorganization and privatization of health services and insurance, the establishment of 21 regional health clusters, and the expansion of e-health capabilities across the nation.

The government's goal is to increase private sector participation in healthcare from 40% to 65% percent by 2030. This broad initiative targets the privatization of 290 hospitals and 2,300 primary health centers. There are numerous opportunities for private sector partnerships in areas such as primary care, hospital commissioning, development of medical cities, rehabilitation services, long-term care, laboratory and radiology services, home care, health insurance, and digital health solutions.

Source: Invest Saudi / Trade.gov



## Energy

Saudi Arabia's solid energy sector, a cornerstone of its economic framework, is set for transformative growth driven by Vision 2030. This strategic plan aims to source over 50% of the country's energy needs from renewable sources, energizing the demand for technologies like solar, wind, and tidal energy. With substantial support from both government and private sectors, the Saudi Kingdom plans to achieve a capacity of 40 GW in solar energy in 2030, indicating an increase in demand for solar modules, which is expected to grow at a rate of 55-60%. This expansion is projected to raise the solar rack market size to \$4.5 billion in 2030. Enhanced by initiatives to reduce carbon emissions and increased investments in renewable infrastructure, these developments are expected to open substantial opportunities for economic and sustainable growth.

Source: Invest Saudi / Saudi & Middle East Green Initiatives

## Environment Services

Saudi Arabia's environmental services sector is rapidly expanding, driven by a growing population, increasing living standards, and a boost in industrial activity. The Kingdom has set forth an ambitious plan to enhance and capitalize on the environmental services sector, offering a regulatory framework that not only creates enticing business opportunities throughout the sector's value chains but also ensures the protection of investor and customer rights. Key areas of focus include water and waste management, pivotal to Saudi Arabia's goal of achieving sustainability and advancing a circular economy that replenishes the earth's nutrients and



recycles recovered materials back into industry. The sector is expected to contribute \$10 billion to the local GDP while attracting \$1.75 billion in Foreign Direct Investment.

In alignment with Saudi Vision 2030, critical investment opportunities include the development, operation, and management of waste management facilities to safeguard public health and maintain environmental cleanliness, alongside utilizing treated water in agriculture and other relevant areas. Additionally, there are substantial prospects for investment in waste recycling and the extraction of reusable materials from waste treatment processes.

Source: Invest Saudi / Ministry of Investment (Saudi)/ Trade.gov

## **Industrial and Manufacturing**

Saudi Arabia stands out as one of the world's fastest growing manufacturing economies, with an average annual growth rate of 7.5%. This industry is a key component of the Kingdom's economic diversification, localization, and privatization policy, accounting for the third largest non-oil contributor to the Saudi economy. Several major elements contribute to the manufacturing industry's success, including a big market size, advanced R&D facilities, strong government support, contemporary infrastructure, and business-friendly policies.

Furthermore, the country has set ambitious goals for expanding this sector, seeking to build 36,000 new factories by 2035. This expansion is expected to generate large investment opportunities with \$267 Billion in investment opportunities, particularly in the machinery and equipment industries, at an estimated \$25.6 billion.

Source: Invest Saudi



## Pharma & Biotech

Saudi Arabia's pharmaceutical market is substantial, valued at \$8.5 billion, and holds a 37% share of the MENA region's market. Saudi Arabia is focused on enhancing its research and development capabilities, from early drug discovery to clinical trials, aiming to increase local manufacturing and establish Saudi Arabia as a major export-driven regional hub.

Saudi Arabia is investing in developing a solid biomedical ecosystem infrastructure, which includes forming multi-sector partnerships, enacting favorable legislation, offering competitive incentives, and providing sustained financing. Key strategic priorities include advancing clinical research, personalized medicine, value-based healthcare, AI in drug discovery, and local production of biologics, vaccines, and cell & gene therapies.

Significant investment opportunities are emerging, particularly in manufacturing for cell and gene therapies and biopharmaceutical products, which are expected to see substantial demand by 2030.

Source: Invest Saudi

## Chemicals

Saudi Arabia has one of the most advanced chemical industries in the world, a position strengthened by decades of cumulative investment. Saudi Arabia has set ambitious targets under Vision 2030 to double the size of this sector.

Notably, the growth of Saudi Arabia's specialty chemicals is expected to exceed the regional average, with a capacity increase planned to reach 8.7 million tons per annum by 2035



representing a significant jump from current levels. This expansion aims to unlock new investment opportunities throughout the entire value chain.

Investors in Saudi Arabia's chemical sector benefit from a cost-competitive environment supported by a robust ecosystem that includes top-tier universities, research and development centers, suppliers, and world-class infrastructure and logistics. This comprehensive support system creates an attractive setting for further investment and development within the industry.

Source: Invest Saudi / Industrial Center

## **Real Estate**

The real estate sector is a critical component of Saudi Arabia's Vision 2030, aimed at creating a vibrant society. The ambitious goal of achieving 70% home ownership by 2030 has significantly boosted the sector's appeal, complemented by the government's dedication to engaging the private sector. By 2030, plans are in place to develop 1.2 billion square meters of built-up area and construct 1.5 million housing units. With real estate financing projected to grow from \$75 million in 2017 to \$133 million in 2026, the sector's expansion is supported by strong economic fundamentals.

Source: Invest Saudi / Saudi Real Estate Refinance Company (SRC)



## Financial Services

Saudi Arabia boasts one of the world's most advanced, liquid, and efficient financial services sectors. As a crucial component of Vision 2030, Financial services sector is anticipated to play an increasingly significant role in supporting national economic development, diversifying income sources, providing various financing options, attracting foreign capital, and encouraging savings and investments.

By 2030, the total credit demand within the Kingdom is expected to reach an estimated \$1.3 trillion, with a 53% increase in the share of capital markets assets anticipated. This growth underscores the sector's pivotal role in facilitating the country's economic ambitions.

Source: Invest Saudi

## Transport & Logistics

Saudi Arabia's Vision 2030 includes a transformative strategy for its transport and logistics sectors, aiming to establish the Saudi Kingdom as a pivotal global logistics hub. In 2021, the government committed to a \$147 billion investment in these sectors by 2030. The National Transport and Logistics Strategy introduced under this vision focuses on enhancing all modes of transportation and integrating digital technologies to connect ports, railways, roads, shipping routes, and air services comprehensively.

Geographically advantageously located, Saudi Arabia serves as a central gateway for distributing goods across the Arabian Peninsula, the Levant, and East Africa—a market encompassing over 647 million consumers and a combined GDP of \$2.41 trillion.

Source: Invest Saudi / Trade.gov



## **Mining and Metals**

In Saudi Arabia, the demand for metals and minerals currently surpasses local production, presenting substantial opportunities for investing in mining. This sector is a key focus of Vision 2030 and offers significant investment potential, highlighted by the Kingdom's rich natural resources, estimated to have a potential value of \$1.3 trillion, with 48 identified different minerals.

Investment prospects are further boosted by increasing demands from industries reliant on these resources, such as industrial machinery, electrical equipment, and automotive sectors. To support this growth and reduce its reliance on fossil fuels, Saudi Arabia has established a mining fund with plans to invest up to \$15 billion in international assets. Saudi Arabia's mining and metals sector is particularly appealing to investors due to an undersupplied local market, concentrated attempts to enhance industrial production, and closeness to MENA export markets.

Source: Invest Saudi / Trade.gov



## **Tourism & Quality of Life**

Saudi Arabia's Vision 2030 is driving significant transformations across various sectors, with the tourism and quality of life sectors experiencing some of the most notable changes. The Ministry of Tourism recently launched the Tourism Investment Enablers Program to streamline business practices and boost the sector's attractiveness to both local and international investors. This initiative is a critical part of Saudi Arabia's strategy to become a global tourism hub.

In a collaborative effort with the Ministry of Investment, the Ministry of Tourism has also introduced the Hospitality Sector Investment Enablers Initiative. This initiative is set to enhance the social and economic landscape by adding approximately 42,000 hotel rooms and creating about 120,000 jobs in targeted tourist destinations by 2030. It aims to attract around \$11 billion in investments to the hospitality sector, which is expected to contribute approximately \$4.2 billion to the Kingdom's GDP by 2030.

The initiative includes a range of measures designed to improve the business environment. These measures include easier access to government lands under favorable terms, streamlined project development processes, targeted solutions to investor challenges, and revised laws to lower operational costs. These efforts are intended to spur growth in the tourism sector.

Source: Invest Saudi / Saudi press Agency



## Information and Communication Technology

The Information and Communications Technology (ICT) sector is pivotal in promoting growth, innovation, and diversification of the economy in Saudi Arabia. As an integral part of Vision 2030, the Kingdom aims to transform into a modern and competitive global ICT hub, with forecasts suggesting the Cloud Service Providers market will grow from \$5 billion to \$20 billion by 2030.

This vision includes several investment opportunities such as developing digital media, expanding telecommunications, digitizing the nation, and promoting high-tech and smart industries. To achieve these goals, the Saudi government is collaborating with the private sector to upgrade ICT infrastructure, improve the regulatory framework to encourage innovative investments, and create an ecosystem supportive of entrepreneurs and digital talent.

Source: Invest Saudi

## Aerospace and Defense

Saudi Arabia, with one of the highest military expenditures in the world, is actively reforming its defense and security sector to localize more than 50% of its military spending by 2030. Recent changes have modernized the sector, including significant business climate reforms such as the establishment of the General Authority of Military Industries (GAMI) as the regulatory body, simplification of the online licensing process, and the allowance of 100% foreign ownership in the sector.

This shift towards localization presents extensive investment opportunities worth billions of dollars for both local and international investors, including global original equipment manufacturers (OEMs) and small- and medium-sized enterprises (SMEs).

Source: Invest Saudi



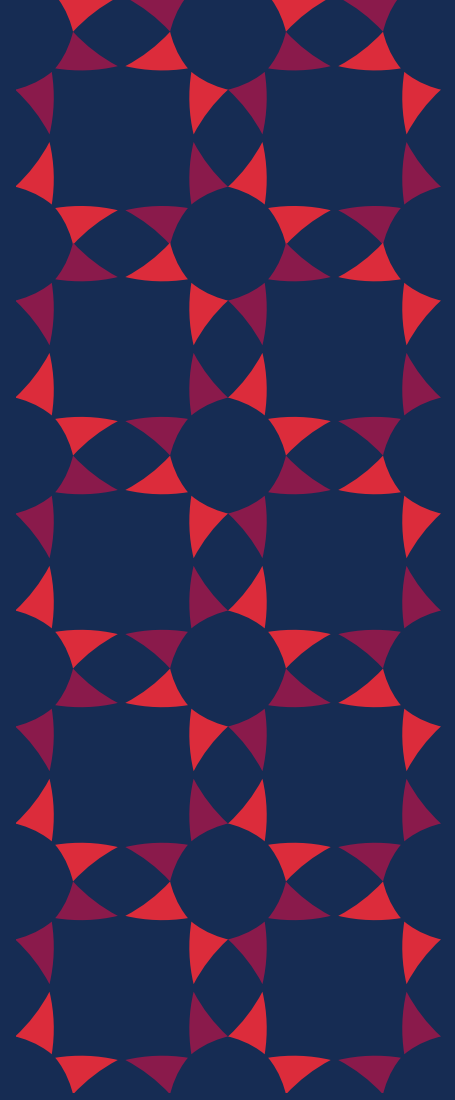
## Conclusion

Saudi Arabia is Bahrain's 5<sup>th</sup> top import partner and the top export partner, and the bilateral relations binding the two countries are strong. The volume of trade between Bahrain and KSA has increased by 32% between 2019 and 2023. There is potential to further strengthen the economic relations between Bahrain and Saudi Arabia through further investment and collaboration in key promising sectors.



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Since its inception in 1939, the Bahrain Chamber of Commerce and Industry (BCCI) played a prominent role in shaping the national economy of Bahrain and creating a vigorous private sector.

It has kept abreast of the fast-paced economic and social developments, and consolidated its efforts to stimulate the growth and expansion of the private sector and empower its role in the economic development of the country alongside the public sector.

The confidence bestowed upon the chamber by the wise leadership reinforced its influence on economic decisions and streamlined its endeavor to create an attractive ecosystem that fosters the flourish of businesses. In addition, the growing base of its members contributed to reinstating its standing as the sole representative of the private sector and an advocate of its interest.