

EMBASSY OF INDIA  
**BAHRAIN**

No. BAH/COM/201/1/2006

**COMMERCIAL AND ECONOMIC REPORT FOR THE MONTH OF MAY 2006**

(Rate of Exchange: BD 1 = US\$ 2.65)

**1. COMMERCIAL AND ECONOMIC DEVELOPMENTS**

**Budget** : Billions of dinars were earmarked for Bahrain's new state 2007-2008 budget. Priorities include housing, the economy, jobs, health, education and social services. Revenue estimates for the two years are BD 2.88 billion based on a \$ 40 barrel of crude oil. This would be offset against total expenses calculated at BD 3.79 billion. The project budget is estimated at BD 490 million and deficits would be BD 439 million for 2007 and BD 470 million in 2008. A draft budget law was approved which reflects in a practical manner the government's financial and economic policies to meet ongoing efforts to improve citizens' living conditions, ensure economic growth, create new job opportunities, attract further investments, enhance the private sector's role, increase the national economy's competitiveness and support health care, education and social services. The budget also focused on developing education and training to upgrade technical and administrative skills as well as to support small and medium industries to draw maximum efforts from the young and developing infrastructure projects such as roads, electricity, water and sewerage, resolving traffic jams, completing Khalifa bin Salman port project and reinforcing civil defence capacities to enable them deal more adequately with disasters, emergencies and service-related risks. The Cabinet approved Bahrain's unified closing settlement of the fiscal year ended on December 31, 2005. The report lauded the performance of the 2005 state general budget pointing out that the oil revenues reached BD 1.265 billion in 2005, marking an increase of 42 percent in comparison to the approved budget estimations. The report pointed out that the general expenses of the year 2005 recorded an increase of 17 percent compared to that of 2004. The report also showed that the government debt in 2005 remained at the same level of 2004 which is at 1,453 million.

**Money** : According to the figures released by the Bahrain Monetary Agency (BMA), the money supply in Bahrain, measured at the M2 level, increased by 4.8 percent or BD 166.9 million in the first quarter of 2006 to BD 3,679.7 million. It was boosted by an increase in private sector demand deposits of BD 82.4 million and time and savings deposits of BD 76.4 million.

Money laundering in Bahrain poses a serious threat to its position as the financial hub in the Middle East and has both macroeconomic and microeconomic implications that may negatively affect the financial and legal structure of the

country. BMA has referred over BD 600,000 suspicious financial transactions as part of the Kingdom's efforts in enforcing the best anti-money laundering regime.

BMA would grant licence to a new Islamic bank specializing in providing Sukuku (Islamic bonds) shortly. The \$ 500 million capitalized Tadawul Company, with a paid up capital of \$ 200 million was formed by a group of GCC investors. Bahrain-listed Islamic funds have topped \$ 1 billion in assets, the highest concentration of Islamic funds in the world

According to a report released by International Monetary Fund (IMF), Bahrain monetary situation is sound. BMA controls about 366 financial institutions without any shortcomings. The BMA has restructured its inspection system, splitting it into two directorates.

Meanwhile, BMA announced that Bahrain has no plans to revalue its dollar-pegged dinar in response to the US currency's decline on international markets. All the currencies of GCC countries are pegged against the US Dollar. The GCC countries are working towards a common currency regime by 2010.

**Banking** : Bahrain-based Arcapita Bank, an international investment firm, announced that it has doubled its issued equity capital base from approximately \$ 400 million to more than \$ 800 million. It also announced that in order to provide liquidity for its shareholders and to establish a market price for its shares, the bank plans to establish a share-liquidity programme, facilitating trading between willing buyers and sellers of its shares. Albaraka Banking Group (ABG) has launched the second phase of the initial public offering (IPO), which is believed to be the biggest IPO launched by an Islamic bank in the region. ABG announced a 51.6 percent rise in net income to \$ 102.09 million in the first quarter of this year compared to \$ 67.35 million in the same period last year. BankMuscat International (BMI) announced a net profit of \$ 2.4 million for the first quarter of this year, an increase of over 45 percent as compared with period 2005. International Investment Bank (IIB) announced a five-fold increase in its net profits to the end of March, up from just \$ 708,000 for the start of 2005 to \$ 3.54 million. Ithmaar Bank has become a trend-setter in the region by raising \$ 905 million through a fully underwritten IPO, which according to experts and leading bankers, is a good step and should be made mandatory for any institution which intends to raise money from the market.

**FTA** : The Shura Council approved six bills without any amendments to pave the way for the Free Trade Agreement with the US that is expected to be in force from 1<sup>st</sup> June 2006. In order to implement the FTA on time and avoid any delay, six bills concerning copyright, trademarks and intellectual properties were redrafted. Some of these bills required the amendments of more than 40 articles. The US government has confirmed that Bahrain is no longer part of an Arab boycott of Israeli products in line with its commitments to the bilateral FTA.

**Drugs** : Bahrain already has stiff laws on drug sale, possession and plantation with the maximum punishment reaching up to life imprisonment and the death penalty in some cases and fins up to BD 50,000. A move to add more illegal substances to Bahrain's banned drugs list was backed by MPs. Parliament also approved plans for a new national committee to tackle drugs abuse and raise awareness on the issue.

**Transport reforms** : Improvements to Bahrain's public transport system have been put on the fast-track, under the directives from Prime Minister Shaikh Khalifa bin Salman Al Khalifa. Public transport would then be in the hands of an independent board, reporting to the Ministry, which would be in charge of organizing the sector and encouraging investment in addition to setting standards. The board would also encourage investment and set the standards required for environment-friendly transportation.

**Durrat Al Bahrain** : Durrat Al Bahrain, the Kingdom's largest planned luxury mixed-use residential, commercial and resort development announced a major milestone in the infrastructure development of the \$ 3 billion project with the laying of the first bridge deck. Once complete, 12 bridges will connect Durrat Al Bahrain's various islands and land masses. Included in the project design are : the expansive commercial Crescent, a semi-circular landmass extending into the seas, 6 Atoll Islands, 5 Petal Islands, a stand alone island set to house a 5-star family resort, a state-of-the-art marina and an 18-hole golf course.

**Unemployment** : Bahrain's economy created 67,000 jobs last year, but Bahrainis took only 10 percent. However, with the opening of new multi-million dinar projects like the Bahrain Financial Harbour (BFH), the number is expected to increase substantially this year. Out of more than 13,000 Bahrainis who were initially on the Bahrain's BD 30 million National employment Project (NEP)'s registration lists, nearly 4,000 people have already found jobs. A total of 759 government jobs are being offered under the project.

The Shura Council approved a law that will, for the first time, allow expatriate workers to switch sponsors at the end of their contracts without the permission of their current employer. Most of the articles in the new labour law were passed by the Council, including controversial article 25, which would reverse the current system where expatriates face deportation if they switch employers. Another clause states that employers who fail to pay their staff for just one day could be denied any more work permits. The move would benefit Bahraini workers, making them more competitive against their foreign counterparts.

Bahrain Nursing Society President and College of Health Sciences Emergency Nursing Programme Head Rula Al Saffar told that Bahrain could face a shortage of nurses. The profession does not attract Bahraini women any more and expat nurses are increasingly refusing to renew their contracts due to low salaries. She also pointed out that nurses elsewhere in the Gulf were paid almost BD 1000 –

much higher than in Bahrain. The country needs to train its own nurses to meet increasing competition from overseas.

**Wages** : The Cabinet approved a new wage plan that all companies employing ten or more workers will have to pay staff through banks starting 1<sup>st</sup> July 2006. The move aims to ensure that workers, who are often paid in cash, can prove that the employers have not paid their wages on time. Indian Ambassador Shri Balkrishna Shetty welcomed the government's move and said it would help cut down the number of labour disputes.

**Training** : A total of 370 Bahrainis have been trained under the Entrepreneurship Development Programme (EDP) conducted by the United Nations Industrial Development Organisation's (Unido) Arab Regional Centre for Entrepreneurship and Investment Training (Arceit). The project, known as the Bahrain Model, helps potential entrepreneurs set up small and medium scale projects. Out of 370, 125 Bahraini entrepreneurs have already started their own businesses.

**BATC** : The Bahrain Asian Traders Committee (BATC) of the Bahrain Chamber of Commerce and Industry (BCCI) held its first meeting under the newly elected board members led by Chairman Mr. Othman Mohammed Sharif. The committee would be responsible for organizing regular meetings between Asian traders and ministries, encouraging Asian traders to join the Chamber, reviewing the obstacles facing Asian traders and attracting Asians investors from abroad for small and medium projects.

**Cell Penetration** : Bahrain proved the value of its telecoms liberalization revolution by recording the highest cellular penetration which stood at 105.8 percent. Arab telecom operators touched 85 million cellular subscribers and hooked up 30 million mainlines in 2005. Bahrain also had the highest fixed line penetration rates in 2005, which stood at 26.6 percent.

**Al Areen Project** : Bahrain-based Al Areen Holding Company signed a Memorandum of Understanding with Abu Dhabi Investment House (ADIH) to develop four residential and commercial clusters with total cost of \$ 335 million at Al Areen Project. These new projects would be spread over 235,295 square metres in a prime location on the southern region of the Al Areen development, offering magnificent views of Al Areen Wildlife Park & Reserve and is expected to be completed in two years.

**ASRY** : The Arab Shipbuilding and Repair Yard Company (ASRY) has reported the highest ever net profit of \$ 4.95 million for the first four month of 2006, an increase of 393 percent over same period last year.

**BATELCO** : The Bahrain Telecommunications Company signed an agreement with United Telecom (UCA) Group to launch the much-anticipated mobile technology Mighty Atom. United Telecom currently distributes GSM PDA's in 18

countries across the region, from Turkey to India. The agreement is a strategic move by Batelco to offer its customers the latest 02 PDA's and mobile handsets, which boast the latest technological innovations in the mobile market today.

- **GFH** : Gulf Finance House (GFH) reported the net profit for the first quarter increased by 75 percent to \$ 57 million compared to \$ 33 million in the corresponding period for 2005. GFH signed a one-year renewable \$ 90 million syndicated Murabaha facility, with a group of nine banks from Europe, Asia and the Middle East. It also bagged the Best Investment Bank Award instituted by Banker Middle East, a leading financial publication and CPI Financial, its parent company.

**Mashal Chemical Industry** : Bahrain-based detergent manufacturer, Mashal Chemical Industry would be launching a new range of products, Bahrain Applied Technical Engineering Solutions (BATES), designed to meet the need of various petroleum. shipping, aluminium and other metal industries in the Middle East and beyond. As a result, Bahrain would be able to export chemical products previously only available from Europe. BATES products had been developed for use in preventive maintenance specialized for oil tankers and heavy industries, as well as in cleaning and maintenance of heavy equipment, boilers, heat exchangers, oilrigs and ultra rude carriers.

## **2. MAJOR TRADE RELATED/ECONOMIC POLICY CHANGES**

- The Bahrain Monetary Agency (BMA) issued Volume 4 of its Rulebook for licensees, significantly upgrading its regulations for investment business firms. It introduces a comprehensive and modern regulatory framework for investment business, in line with international standards. It clarifies which investment business activities require a license from BMA, and further strengthens Bahrain's position as a well-regulated financial center.

The Cabinet moved to break building materials monopolies in order to fuel Bahrain's building boom. It has given the private sector a green light to import and sell large quantities of materials which include cement and ferroconcrete, providing they match quality and technical standards. The Cabinet also approved plans for firms to import materials from different suppliers, and then sell them at affordable prices to consumers, which would enhance the construction and urbanization boom in the Kingdom. The Cabinet also approved a draft law to amend certain provisions of the Social Insurance Law aimed to fix the maximum insurance amount at BD 4,000, outlawing insurance of workers by more than one employer and stipulating that the retirement pension should not exceed 150 percent of the insured worker's pay earned during the last five years of subscription.

## **3. TRADE AND INVESTMENTS FROM THIRD COUNTRIES**

- **Agreements**

**Bahrain-China-Hong Kong** : The Chinese Foreign Minister Li Zhaoxing and his accompanying delegation visited Bahrain in May 2006 and held meetings with high-level government officials. He signed a Memorandum of Understanding (MoU) with the Minister of Foreign Affairs, Shaikh Khalid bin Ahmed Al Khalifa on political consultations to reinforce communication and cooperation between the two countries. They also held talks on means of bolstering relations for the benefit of both countries and their peoples. A 28-member business delegation consisted of Hong Kong and Chinese investors also visited Bahrain on 30<sup>th</sup> April 2006 and held a conference, organized by the Economic Development Board.

**Bahrain-Egypt** : Deputy Premier Shaikh Mohammed bin Mubarak Al Khalifa led Bahrain's delegation to Egypt on 19<sup>th</sup> May 2006 to take part in the three-day World Economic Forum Middle East. The Forum, inaugurated by President Hosni Mubarak, held under the theme 'The promise of a new generation' and attended by more than 1200 leaders from the Middle East.

**Bahrain-Germany** : The German Minister of Foreign Affairs and his accompanying delegation visited Bahrain on 24<sup>th</sup> May as part of a GCC tour and held talks with the King Hamad bin Isa al Khalifa and other high-level officials on bilateral relations and ways of bolstering them. They discussed the need to revive peace talks in the Middle East and restore the Palestinians' right and help them establish an independent state based on international resolutions. The delegation also met the Bahrain Chamber of Commerce and Industry officials and held talks on hosting the German automobile manufacturer MAN as Bahrain's strategic position makes it the best option to host the assembly or manufacturing plant of MAN.

**Bahrain-Greece** : Greek President Karolos Papoulias and his accompanying delegation visited Bahrain on 2<sup>nd</sup> May 2006 and held talks with the King, the Prime Minister and the Crown Prince and BDF Commander-in-Chief of BDF. The leaders urged businessmen to seize investment opportunities in both countries and expressed keenness to further bolster these ties. They also discussed other issues of mutual interest and ways of reinforcing security and stability in the region. The Bahraini Minister of Finance signed an agreement with Greek Minister of Merchant Marine on Maritime Transport that would further bolster cooperation in the field of merchant shipping, with a view to contributing to the development of international shipping on the basis of the principles of the freedom of merchant navigation.

**Bahrain-Iran** : The Iranian Minister of Foreign Affairs visited Bahrain in May 2006 and held talks with the King, who lauded the bilateral relations and affirmed Bahrain's keenness to bolster cooperation for the benefit of the region and its stability in light with the region's need for more security and peace.

**Bahrain-Thailand** : The Thai Minister of Foreign Affairs and his accompanying delegation visited Bahrain in May 2006 and held talks with high level government officials on bilateral relations and means of bolstering economic, investment and education cooperation. Both sides reviewed the existing friendly

relations between the two countries and topics of mutual interest and latest regional and global developments and issues of common concern.

**Bahrain-Turkey** : The Bahraini Minister of Foreign Affairs visited Turkey in May 2006 and held talks with his counterpart and other government officials. They discussed matters on bilateral relations, means of bolstering cooperation and the latest regional and international developments. They signed two agreements on land transportation and on air transportation. The two sides also signed a Memorandum of Understanding between the Bahrain Centre for Studies and Research and the Turkish Centre for Strategic Studies. The Chairman of the Turkish National Council, Bulent Arinc and his accompanying delegation visited Bahrain on 23<sup>rd</sup> May 2006 and held meetings with the Prime Minister and other government officials. They held discussions on ways of enhancing bilateral cooperation in the financial arena. Both sides reviewed the bilateral ties in trade, commerce, investment and joint ventures as well as how to enhance the existing base of trade and commerce.

**Bahrain-UK** : The Secretary of State in the British Foreign Office, Kim Howells, visited Bahrain and held meetings with the Prime Minister, Shaikh Khalifa bin Salman Al Khalifa on 13<sup>th</sup> May 2006. The meeting also discussed bilateral relations and means of bolstering cooperation as well as the latest regional and international developments.

#### **4. GLOBAL IMPORTS AND EXPORTS**

**Non-oil Trade (global)** : According to the figures (provisional) released by the Central Informatics Organization (CIO), Bahrain's non-oil/oil global trade during the period **January-March 2006** is as follows:-

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Bahrain's non-oil imports : BD 301,793,084 = BD 301.793 million = US\$ 799.75 million

Bahrain's oil imports : According to National Oil and Gas Authority, figures are  
confidential

Bahrain's non-oil exports : BD 136,814,601 = BD 136.815 million = US\$ 362.56 million  
including Bahrain's re-exports

Bahrain's oil exports : According to National Oil and Gas Authority, figures are  
confidential.

#### **5. PERFORMANCE OF INDIAN EXPORTS :**

According to the figures (provisional) released by the Central Informatics Organization & National Oil & Gas Authority, India's non-oil/oil trade with Bahrain during the period **January-March 2006**, is as follows:-

India's non-oil exports to Bahrain: BD 11,743,423 = BD 11.743 million = US\$ 31.12 million

India's oil exports to Bahrain	:	NIL		NIL		NIL
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<b>India's total exports</b>	:	BD 11,743,423	=	BD 11.743 million	=	<b><u>US\$ 31.12 million</u></b>
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India's non-oil imports from Bahrain: BD 6,467,694 = BD 6.468 million = US\$ 17.14 million  
(including Bahrain's re-exports to India)

India's oil imports from Bahrain	:					US\$ 9.209 million
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<b>India's total imports</b>	:	BD 6,467,694	=	BD 6.468 million	=	<b><u>US\$ 26.349 million</u></b>
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Major items of Indian exports to Bahrain were vegetables, fruits, tea, spices, meat, dairy products, rice, spirits, cotton fabrics, cotton shirts, other garments, textile yarn, iron and steel and its products, engineering machinery, aluminium and its products, plastic and rubber products, vehicles/ parts, tyres, gold jewellery, chemicals, pharmaceuticals, and building materials.

Major items of Indian imports were iron ores, aluminium ingots, foils/grills, Cast iron and steel/alloy metal scrap and ammonia

**6. TRADE/INVESTMENT/COLLABORATION/ ENQUIRIES AND TENDERS**

**Investment**

**CapitaLand** : Singapore-based CapitaLand signed a Memorandum of Understanding to acquire and develop a prime site in the Bahrain Bay Development. The company has taken a stake in developing a 45,500 square metre integrated development site on the project which would include residential, serviced apartments, and retail and leisure components. Bahrain Bay is a joint venture between Arcapita Bank and a Bahrain-based investment group

**Bahrain-Qatar Friendship Causeway** : The Ministry of Works and Housing is planning to form a \$ 500 million company shortly to build and raise money for the Bahrain-Qatar Friendship Causeway. The start-up capital would be split equally between the governments of Bahrain and Qatar and the remaining financing would come from the private sector. Over \$ 2.7 billion would be needed to build the 40km causeway, including associated infrastructure.

**BFSD** : A new organization, The Bahrain Financial Services Development (BFSD), under the authority of the Bahrain Economic Development Board, was launched in Bahrain to lead international marketing, business liaison and other promotional activities on behalf of Bahrain. Developed in conjunction with the Bahrain Monetary Agency (BMA), BFSD will raise regional and international awareness of the benefits of the Kingdom's financial sector.

### **Enquiries**

A total of around 45 trade enquiries covering 115 items received from India during the month of May 2006, were duly replied to.

The trade enquiries received from local companies during the month of May 2006 are given below: -

1. Mr. Makki Al Adhum,  
M/s. Al Adhum Contracting & Sale Building Material, Bahrain.  
Tel : 00973-39419009  
(Wash basin, Shower Mixer, Valves, Kitchen Sing, Water Fittings)
2. Mr. Albert Pais, Sales Team Leader,  
M/s. Amex (Middle East) B.S.C. ©, P.O. Box 5990, Manama, Kingdom of Bahrain.  
Tel : 17557548/36669571 Fax : 17557866 E-mail :  
[apais@americanexpress.com.bh](mailto:apais@americanexpress.com.bh)  
(Interested to start a business in India)
3. Mr. Alope Kumar Rakshit, Group Finance & Administration Manager,  
Mr. Ahmed Y. Saad, Group Personnel & Administration Manager,  
M/s. BANZ Group B.S.C. ©, P.O. Box 2244, Manama, Kingdom of Bahrain.  
Tel : 17727719 Fax : 17727683 E-mail :  
[alokekr@banzgroup.com.bh](mailto:alokekr@banzgroup.com.bh)  
(Interested for a joint venture with Indian partners in Electrical or Electronics,  
Aluminium Sector or Petrochemicals)
4. M/s. Bin Ghareeb Trading Establishment, P.O. Box 15629, Manama, Kingdom of Bahrain.  
Tel : 17242421 Fax : 17277166 E-mail :  
[ebrahim@ekkanoo.com.bh](mailto:ebrahim@ekkanoo.com.bh)

(Marine Products – Shrimps)

5. Mr. Asif Abdulgaffar Satkhed, Manager (Dewatering Division)  
M/s. Jamal A. Al-Jalahma Const. & Dewatering Contractors,  
P.O. Box 28993, East Riffa, Kingdom of Bahrain.  
Tel : 17714639 Fax : 17712366 E-mail :  
[shakes@batelco.com.bh](mailto:shakes@batelco.com.bh)  
(Dewatering Pumps and accessories)
  
6. Mr. Tomy George, Procurement Manager,  
M/s. Model Building Materials, Manama, Kingdom of Bahrain.  
Tel : 36668315 Fax : 17692872 E-mail :  
[parur@hotmail.com](mailto:parur@hotmail.com)  
(Building Materials, Plastic Moulding Machine etc.)
  
7. Mr. Faisal,  
M/s. S.K. International, P.O. Box 1027, Manama, Kingdom of Bahrain.  
Tel : 17279999 Fax : 17279997 E-mail :  
[faisal@falkhor.com](mailto:faisal@falkhor.com)  
(Interested to visit Exhibitions/Fairs on Jewellery/Imitation Jewellery,  
Diamond Jewellery, Handbag, Shoes and Garments in India)
  
8. Ms. Maryam Wadiee,  
M/s. Scarf, P.O. Box 2336, Manama, Kingdom of Bahrain.  
Tel : 17581815 Fax : 17580861 E-mail : [scarf@batelco.com.bh](mailto:scarf@batelco.com.bh)  
  
(Interested to visit Exhibitions on Carpets and Arab Dress in India)
  
9. Mr. Abdulraouf A. Al Baijan,  
M/s. Square One, P.O. Box 14766, Dammam 31434, Kingdom of Saudi  
Arabia.  
Tel : 0091663-8418760/8418761 Fax : 009663-8418762  
E-mail : [albaijan@googlemail.com](mailto:albaijan@googlemail.com)  
(Looking for Catering Company/Five-Star Restaurants)

**TRR** : About 20 enquiries were received regarding Transfer of Residence Rules over the telephone as well as by personal visits during the month of May 2006. The necessary information was provided immediately.

### **Loans**

**Personal Loans** : The total volume of personal loans in Bahrain surged to BD 1.2 billion at the end of last year, an increase of 18 percent as compared with the last year's figures. Bahrain has the lowest savings accounting for 21 percent of

the GDP comparing to other GCC states. Bahrain is the highest in consumer loan in terms of concentration, which is 46 percent of the total loan.

## **IT**

- Bahrain is the fastest growing market in the region for security software. While the GCC market for security software is growing at 17 percent per annum, Bahrain witnessed a 20 percent growth last year. An IT Security Roadshow was held in Bahrain on 15<sup>th</sup> May 2006. More than 150 IT managers working in diverse industries in Bahrain took part in the Roadshow, which addressed "the changing nature of IT threats and the perennial need to recognize their seriousness". The air of the event was to provide reliable content and expert advice on how to use modern information technologies to secure and protect the enterprise, regardless of size or industry. Security software is no more used only by large enterprises. An increasing number of small and medium businesses in Bahrain now realize the importance of buying it, and many in Bahrain are now hiring dedicated IT managers, which is a health trend.

## **Tenders**

Bahrain has saved BD 75 million in three years on government projects and purchases as a result of the tight monitoring by the Tender Board. Since the inception in January 2003, the Board has awarded about 4000 tenders for projects totaling BD 1.25 billion and is currently developing a full-fledged electronic system (e-tendering) to manage all tenders and government purchases online. Key achievements last year included a record increase in the value of tenders awarded for public sector projects, sustained savings in public sector purchasing budgets and improved levels of transparency and operating efficiency. Tender values soared by 163 per cent last year to BD 640 million.

Following are tenders invited by various ministries/organizations during the month of May, 2006:

- i) Ministry of Electricity & Water - Supply and Installation of Personal Computers, Printers, CCTV Systems, ID Card system, Purchase of Laboratory Furniture
- ii) Ministry of Municipalities and Agriculture – Supply of Agricultural Machinery  
General Directorate for Resources & Services, Public Commission for the Protection of Marine Resources, Environment and Wildlife, Kingdom of Bahrain – Passenger Buses
- iii) Ministry of Health – Supply of Serology Analyzer
- iv) Ministry of Works and Housing – Procurement of Desktop Computers, Photocopiers, Replacement of DC Motor Pumps Sets and Improvement of Sewerage Pumping Station
- v) Ministry of Finance – Air-conditioners

- vi) Radio and Television Corporation, Directorate of HR & Finance,  
Kingdom of Bahrain – Equipping Radio Studios.

Tender documents with detailed information are sold against specific fees only to the local firms. Tender documents are not sold directly to foreign firms or Embassies in Bahrain. A local sponsor is required for purchase and submission of tender documents on behalf of foreign firms. Interested parties may contact the Tender Board, P.O. Box 18686, Manama, Bahrain. Tel : 17558444, Fax : 17556278 directly for further details. Information is also available at the Tender Board website: [www.bahraintenders.gov.bh](http://www.bahraintenders.gov.bh)

## **7. DETAILS OF VISITS FROM INDIA/ MATTERS OF ECONOMIC INTEREST TO INDIA**

**Visit of Minister for Overseas Indian Affairs** : The Indian Minister for Overseas Indian Affairs, Shri Vayalar Ravi, visited Bahrain on 3-4 May 2006 as part of a Gulf tour. He held talks with Bahraini Minister of Labour Dr. Majeed Al Alawi on bilateral issues. He also attended a seminar on labour issues organized by the Indian Embassy and receptions by the Indian community in Bahrain. He met the Crown Prince and Commander-in-Chief of the BDF, Shaikh Salman bin Hamad Al Khalifa and discussed bilateral relations, means of bolstering cooperation, and latest regional and international developments. The Minister's visit was the second Indian ministerial visit within two weeks and follows on the heels of a highly successful visit by Minister of State for External Affairs, Shri E. Ahmed who delivered an invitation to His Majesty the King, Hamad bin Isa Al Khalifa, to visit India later this year.

**UTI** : According to Mr. Narendra M. Joshi, Chief Executive Officer, UTI International (UTII), number of Bahrainis investing in Indian mutual funds are increasing. UTII is a subsidiary of Mumbai-based UTI Asset Management Company (UTI-AMC) manages the UTI Mutual Fund, which is the largest mutual fund in the country with assets under management of over \$ 6.75 billion. UTII, with its offerings of offshore funds, was set up to tap the potential of non-resident Indians and foreign nationals investing in UTI Mutual Fund.

**Indian Airlines** : A six-member delegation led by Mr. Pankaj Srivastava, Indian Airline's Regional Manager for Gulf, visited Bahrain and held meetings with their counterparts in Gulf Air. They discussed bilateral agreements and possible future cooperation between the two airlines. They also discussed further enhancement of existing code-sharing agreements to cover more sectors.

**ICICI Bank** : According to Mr. Ajay Sharma, Country Head, ICICI Bank, Bahrain, the bank has achieved major milestone in Bahrain since it launched its operations in October 2004. It also raised deposits from banks and corporate within the GCC region and attained a significant market share of the NRI retail business in Bahrain. It also launched various value added services for its customers in Bahrain such as online remittances and the Visa debit card. The total asset size

of the bank during the last financial year has increased to about \$ 56 billion, an increase of 50 percent compared to last year and profit after tax increased by 27 percent to about \$ 569 million as compared to \$ 449 million last year.

**Indusland** : According to a press report, Indusland Bank is planning to open an offshore banking unit (OBU) in Bahrain shortly. The company is also planning to provide wealth-management services by signing a deal with a US or UK financial institution. Any foreign partner would be given access to Indusland's local business. Mr. Bhasker Ghose, Managing Director and Chief Executive Officer of Indusland Bank said that the institution rated in the top ten of India's banks and has applied to the central Reserve Bank of India (RBI) for a licence.

**Air India Express** : India's national carrier, Air India is planning to include Bahrain for the operation of its budget airline, Air India Express, in the winter schedule and hence Keralites in Bahrain would benefit from a low-cost service. Air India Express currently operates from Kerala and Mumbai to Dubai, Abu Dhabi, Sharjah, Ali Ain, Muscat and Salalah and offers fares, which are 25 to 30 percent cheaper than the normal Air India flight.

**SBT** : The State Bank of Travancore (SBT) is planning to open an office in Bahrain, which would further boost the country's status as a financial hub. SBT currently has rupee drawing arrangements with 16 exchange houses in the Middle East and introduced an SMS alert system to keep NRI customers updated with their account status via mobile phones.

**Birla Institute of Technology** : The Crown Prince, Shaikh Salman bin Hamad Al Khalifa, visited the International Centre of Birla Institute of Technology in Bahrain and toured various departments. Institute officials briefed him on the academic and training programmes. Shaikh Salman also held talks with the Indian Ambassador Shri Balkrishna Shetty, and the institute's senior officials on its role in providing training and developmental programmes and its cooperation with the private sector. Shaikh Salman lauded the academic and training programmes and stressed the importance of setting up similar educational establishments in Bahrain to offer adequate technical expertise to citizens.

## **8. TRADE FAIRS/SEMINARS/PROMOTIONAL ACTIVITIES**

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**GulfBID** : A first, three-day Gulf International Exhibition for Building and Interior Design (gulfBID), organized by the Hilal Conference and Exhibitions (HCE) and dmg world media, was held in Bahrain on 16<sup>th</sup> May 2006. More than 130 exhibitors from 25 countries, including India, China, Greece, Europe etc. took part in the event. A new building technology, which offers enormous savings in terms of energy and construction costs, was introduced for the first time at the GulfBID, which is the third biggest "first time" exhibition event in Bahrain. The event featured a wide and diverse range of interior design products and services that include furniture, fabrics, wall coverings, lighting, bathrooms, kitchens, artworks and accessories as well as marble and stonework. Many exhibitors reported that

there were serious enquiries from the trade visitors. More than 60 percent of the exhibitors at the event have signed on again for next year. The second event will be held in Bahrain on 15-17 May 2007.

**World Islamic Funds and Capital Markets Conference** : The second, two-day annual World Islamic Funds and Capital Markets Conference was held in Bahrain on 7-8 May 2006. More than 500 participants attend the event held under the patronage of the Bahrain Monetary Agency. Speakers from the UK, USA, UAE, Bahrain, Pakistan, Malaysia, India, Kuwait and Saudi Arabia were participated at the event.

**Middle East Metrology Conference** : The third Middle East Metrology Conference, organized by the Ministry of Industry and Commerce, Bahrain Civil Defence, Bahrain Society of Engineers and Bahrain Convention and Exhibition Centre, was held in Bahrain on 29 May 2006. The event was aimed at contributing and enhancing the integration of the regional measurement and calibration standards to meet the international trends, as well as to attract as many opportunities to make Bahrain a more outstanding destination by attracting more and more visitors. Several keynote speakers including internationally renowned speakers from Germany, the US, the UK, India, New Zealand, Australia and Austria we addressed the delegates.

**Property Arabia 2006** : The first Middle East International Property and Investment Exhibition – Property Arabia 2006, organized by the Arabian Exhibition Management under the patronage of Economic Development Board, was held in Bahrain on 24<sup>th</sup> May 2006. The event featured more than 40 exhibitors showcasing current and future real estate developments in the Gulf, along with property from as far as Malaysia and Australia. A major \$ 150 million project to build over 300 villas in Bahrain was unveiled during the Exhibition. Memorandums of Understanding (MoUs) were signed by Real Estate Finance Company, a mortgage-financing partner for three noted real estate properties in Bahrain – Mal Suites, Orchid Towers and Orchid Business Centre. According to press, the four-day real estate was a highly successful one and Bahrain's iconic World Trade Centre (BWTC) was one of the leading attractions at the event.

**BITE 2006** : The Bahrain International Travel Expo – BITE 2006, organized by Magnum Exhibitions and Events Management (MEEM) was held in Bahrain on 9-11 May 2006. Exhibitors from around the world participated in the event. 77 exhibitors from 25 countries including India, were participated at the event. The main highlights of BITE 2006 was the invitation of 60 key MICE (meetings, Incentives Conference and Events) from Germany, France, the UK, Ireland, Greece, South Africa and India. The Indian Express Group – Business Publication Division – has signed a \$ 500,000 contract with Sunshine tours for the event. Under the contract, the Indian company will be hosting its Technology Senate 2006 Conference and Exhibition in Bahrain. Around 350 senior IT experts would be visiting Bahrain for the three-day conference scheduled later this year. More than 9000 people visited the BITE 2006 which offered a great variety of tourism

attractions including health and family tourism, from countries around the world. The organizers are planning to hold the event on 8-10 May 2007.

**9. MARKET SURVEYS/INTELLIGENCE ACCOMPLISHED :** Nil

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**10. ANY OTHER INFORMATION :**

**Miscellaneous**

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**Week-end** : Shaikh Mohammed bin Isa Al Khalifa, Chief Executive of the Economic Development Board said that hopefully the government would implement a proposal by parliament to change the Friday-Saturday weekend by September. Key business leaders in Bahrain have welcomed plans to adopt the movement.

**Smart Cards** : The Chamber of Deputies approved a bill to replace passports with Smart Cards. According to the draft law, the Smart Cards are likely to replace passports in later stages and Bahrainis can use them to visit some states that would be announced by the Ministry of Interior. The smart Card was part of Bahrain's keenness on keeping pace with technology, as it will replace many important documents and cards, such as medical records, ATM and credit cards and certificates.

**Postal Services** : Bahrain is studying plans to privatize postal services to streamline its operations. Shaikh Mohammed bin Khalifa Al Khalifa, Undersecretary at the Ministry of Transportation said that the Ministry is planning to set up a technical committee to set up the role of the private company with the Ministry. The committee would also invite inputs from concerned bodies to help set up guidelines to protect the rights of the workers.

**Bahrain Duty Free** : Bahrain Duty Free Shop has won the Platinum Award for Best Duty Free Shop in the Middle East and North Africa at the Arab Travel Market (ATM) Exhibition held in Dubai. It has also won the Golden MENA Award last year and the prestigious Marketing Oscar for the Best Marketing Campaign by a Retailer last year and in 2004 and 2005. Bahrain Duty Free has also been judged to be the Best Airport Retailer of the Year at the Frontier (Oscars of the duty-free industry) awards at the Tax Free World Association.

**(H.R. Mohey)**

Counsellor

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