

Last Updated: April 2023

Bahrain is home to an established and diverse manufacturing sector, with several proven heavy industries and a growing cluster in light manufacturing. The sector is the second largest contributor to the Kingdom's non-oil real GDP (behind Financial Services) and employs 10% of the total workforce in the private sector with a Bahrainization rate of 25%. Bahrain hosts two significant factories, Bapco - the Gulf's first refinery, Alba - the world's largest single-site aluminum smelter outside of China - its recent line 6 expansion contributed to the pronounced growth in Bahrain's non-oil merchandise exports. Manufacturing is set to grow steadily with the implementation of the Economic Recovery Plan, and the Industrial Sector Strategy (2022-2026), which aims to attract international investment.



Sector Opportunities & Trends

01. Environmental, social and governance (ESG)

ESG investments and carbon net-zero are on the rise as companies aim to reduce or eliminate carbon from their operations and pursue more sustainable practices.

02. Digitalization

To stay competitive, manufacturers must invest in digital technology adoption such as 3D printing, Internet of Things (IoT), and Artificial Intelligence (AI) to improve operational efficiencies and target higher-value manufacturing sectors. In addition, digital supply networks and data analytics can be powerful enablers for more flexible, multitiered responses to supply chain disruptions.

03. Industrial land expansion

As part of Bahrain's Economic Recovery Plan, the development of new industrial lands such as the United States Trade Zone will promote the Kingdom as a regional center for trade, manufacturing, logistics and distribution between American companies in Bahrain and markets of the Gulf Cooperation Council (GCC) and abroad. In addition:

- The expansion of industrial parks with competitive incentives will better support the manufacturing ecosystem.
- In order to use land more efficiently, there is a need to improve the integration of activities within the same location to allow for better clustering of resources.

04. Renewable Energy

Bahrain's Net-Zero 2060 target presents investment opportunities for sustainable manufacturing solutions, such as decarbonization through energy-efficient innovation and green hydrogen initiatives. These measures aim to reduce greenhouse gas emissions and enable decarbonization.

05. 3D printing

3D printing technology is rapidly advancing in the manufacturing sector. Its capacity to produce intricate and complex designs with precision and accuracy is leading to faster prototyping and more efficient production.

06. Skills development

To gain practical experience in manufacturing, companies offer on-the-job training, while also considering the option to bring in overseas trainers who specialize in specific areas of manufacturing, such as automation, quality control or maintenance.

07. Virtual and Augmented Reality (VR, AR)

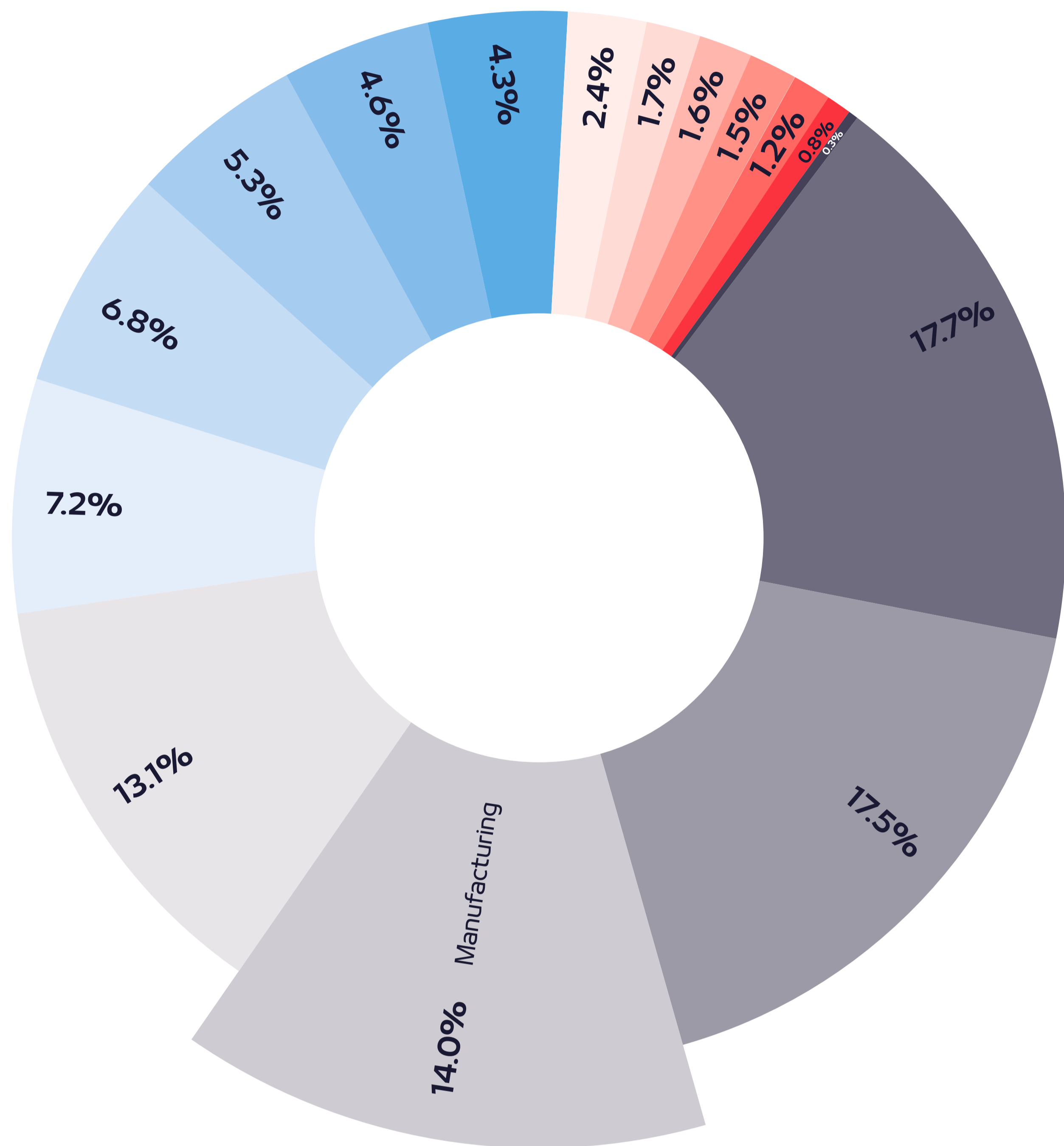
VR and AR can be used for training purposes, allowing workers to practice operating equipment and handling emergencies in a safe simulated environment.

Manufacturing Sector Economic Indicators

iGA-National Accounts, Q4-2022

Manufacturing Sector Contribution to Real GDP

(%, Q4 2022)



Mining & Quarrying	17.7%	Trade	4.3%
Financial Corporations	17.5%	Private Education Services	2.4%
Manufacturing	14.0%	Hotels & Restaurants	1.7%
Government Services	13.1%	Other Social & Personal Services	1.6%
Construction	7.2%	Electricity & Water	1.5%
Transport and Communication	6.8%	Private Health Services	1.2%
Real Estate & Business Activities	5.3%	Others**	0.8%
Net tax on Products	4.6%	Agriculture & Fishing	0.3%

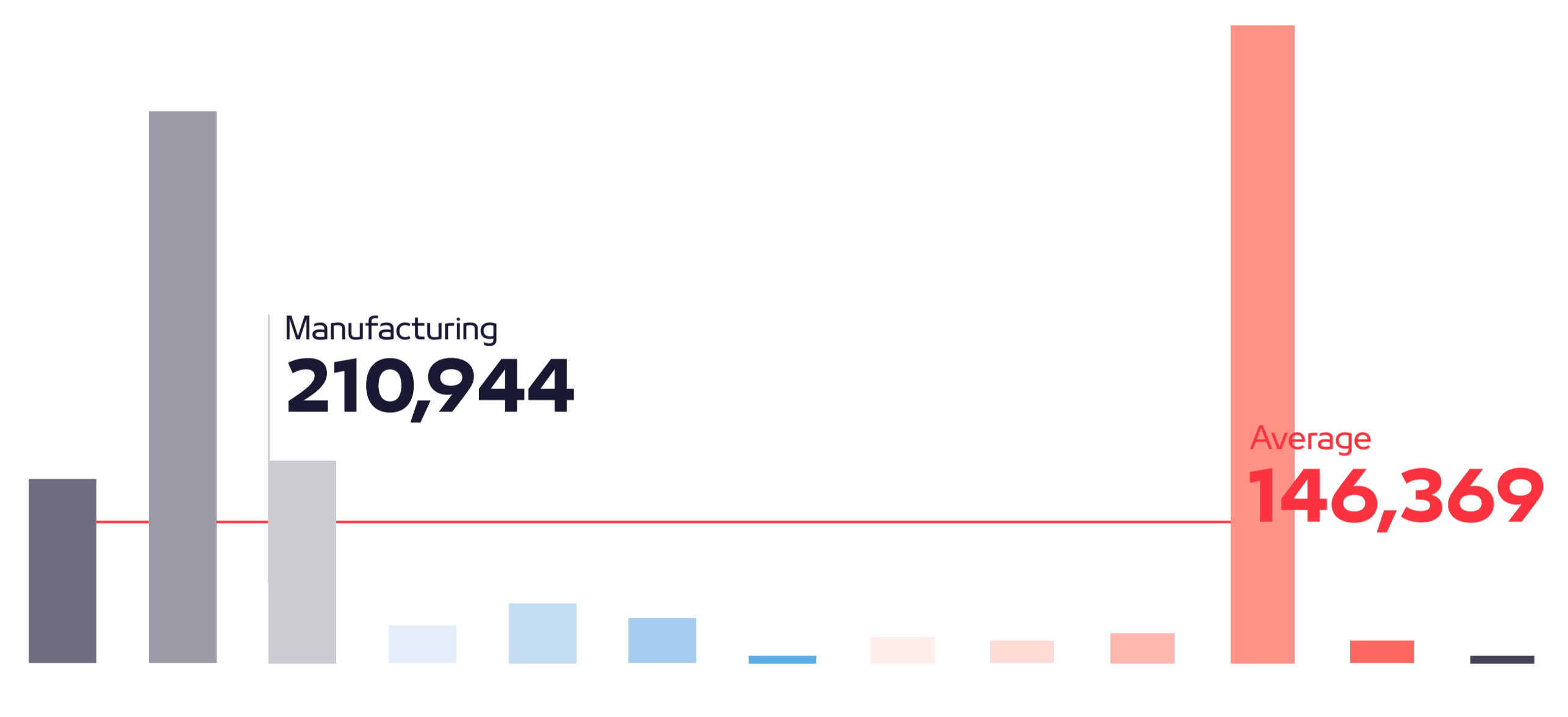
Manufacturing Sector

GVA* (BHD, M)



GVA per company

(BHD, Q4 2022)



*Gross Value added (GVA) measures the value of goods and services produced in an area, industry or sector of an economy
 **Others includes (Private Non-Profit Institutions, Households with Employed Persons)

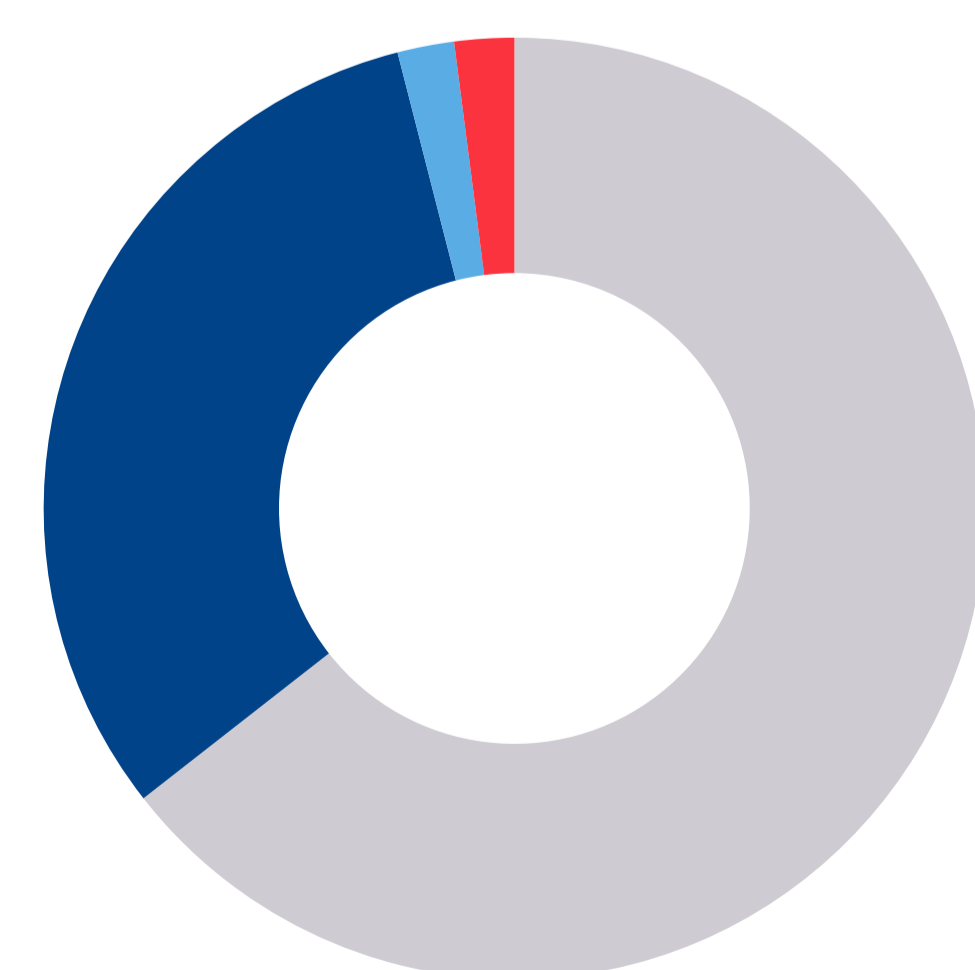
Manufacturing Sector Enterprises

LMRA, 2022 - BLMI

4,005
Active CRs

5.6%
of total Active CRs in Bahrain

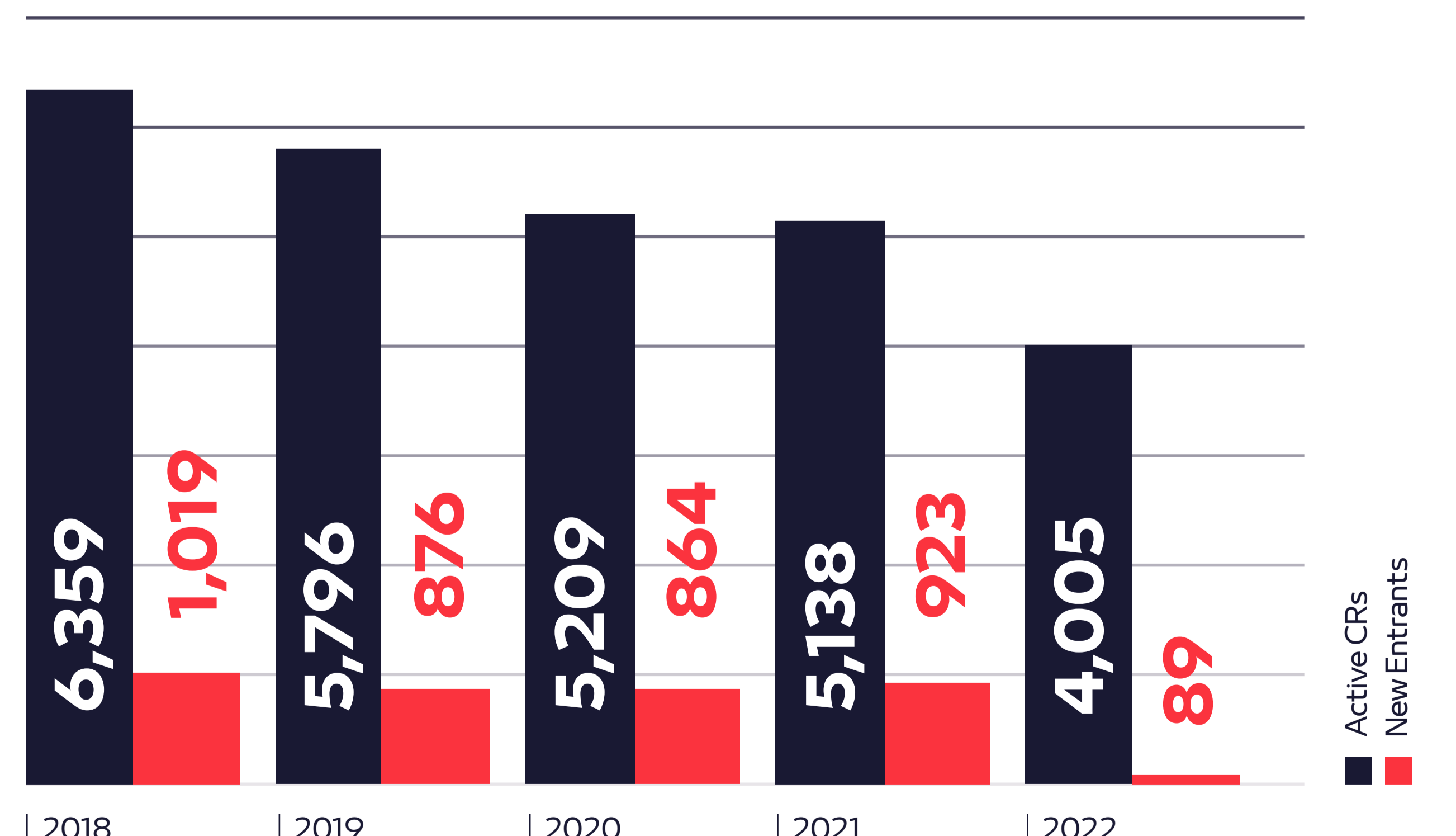
Manufacturing Sector by Enterprise Size (%, Q4 2022)



Micro	2,581	(64%)
Small	1,264	(32%)
Medium	78	(2%)
Large	82	(2%)

Manufacturing Sector

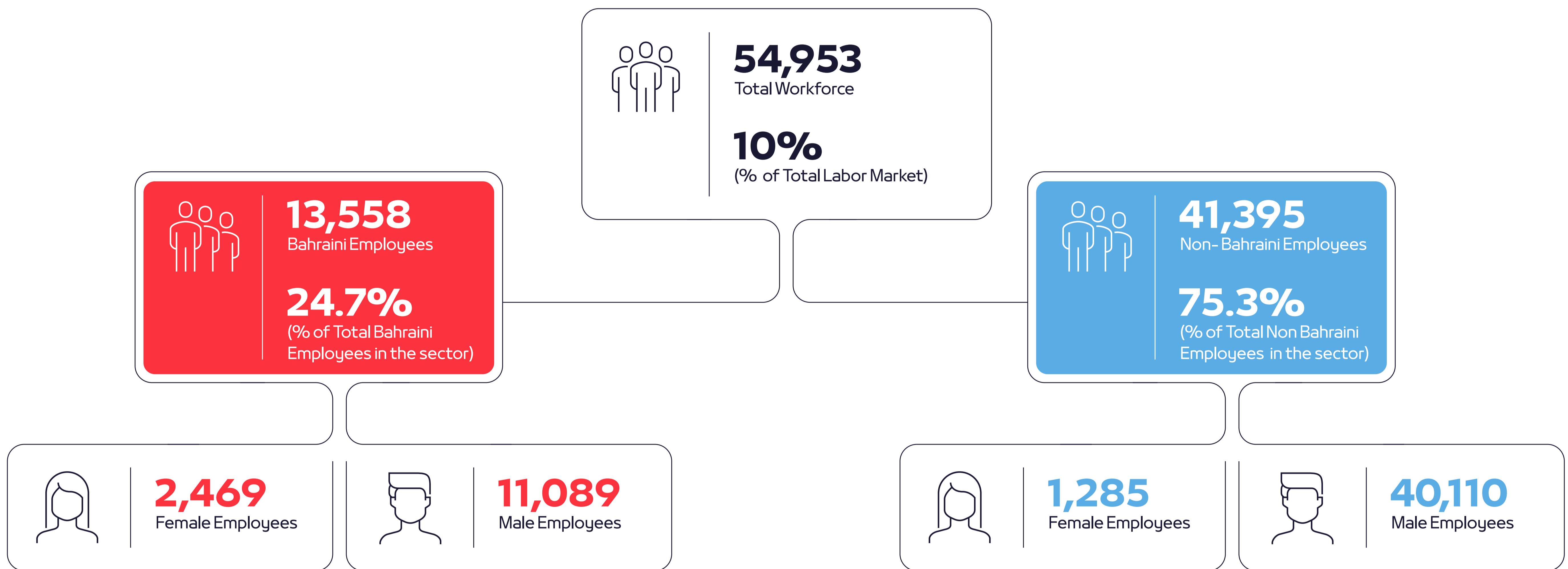
Active Commercial Registrations (2018 - 2022)



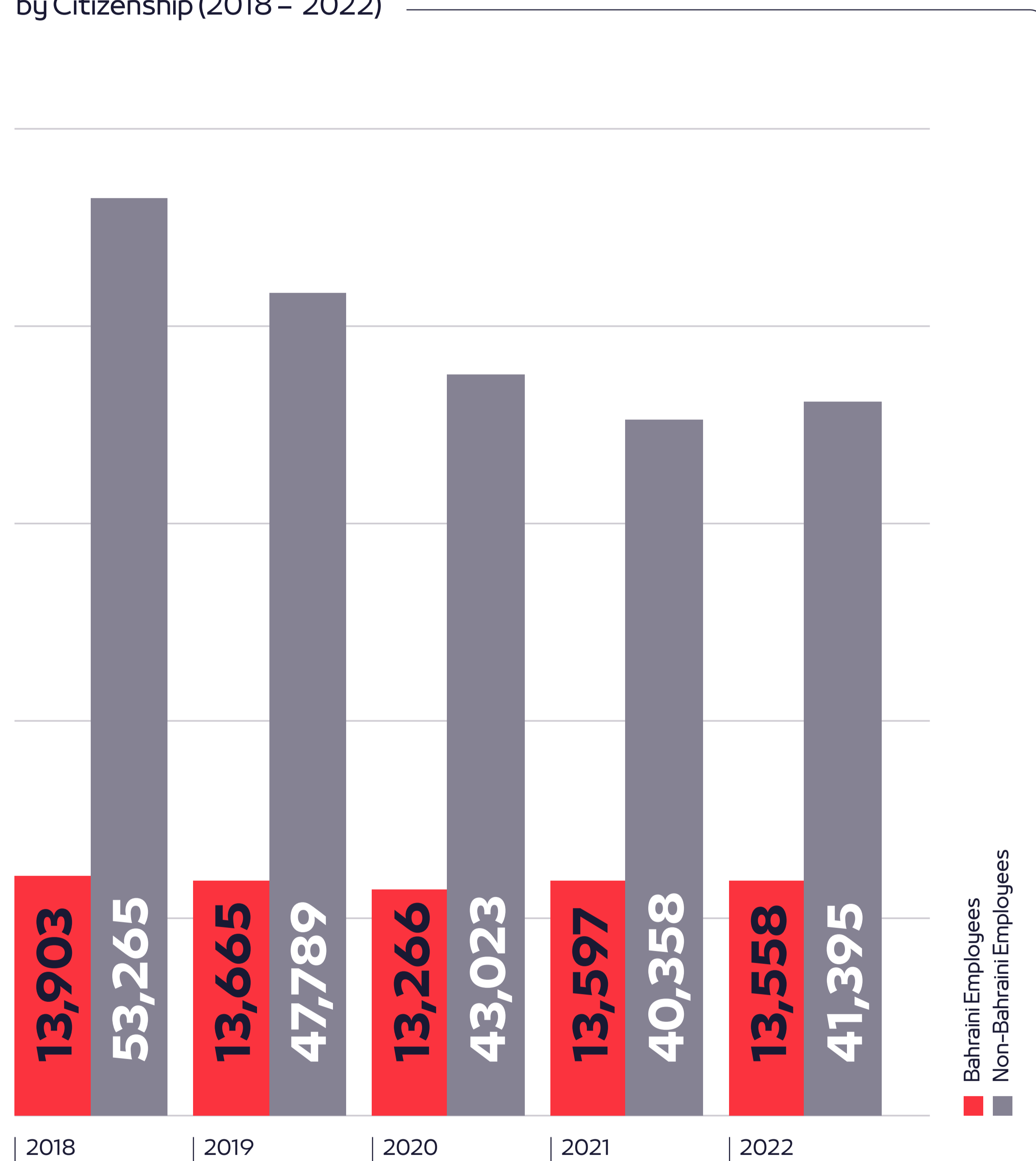
As per ISIC4 classification, the sector includes petroleum refining, aluminum and petrochemicals production, food processing, as well as manufacturing workshops and fabrication activities (products that are made on site such as bakeries and custom tailoring activities).

Manufacturing Sector Employment

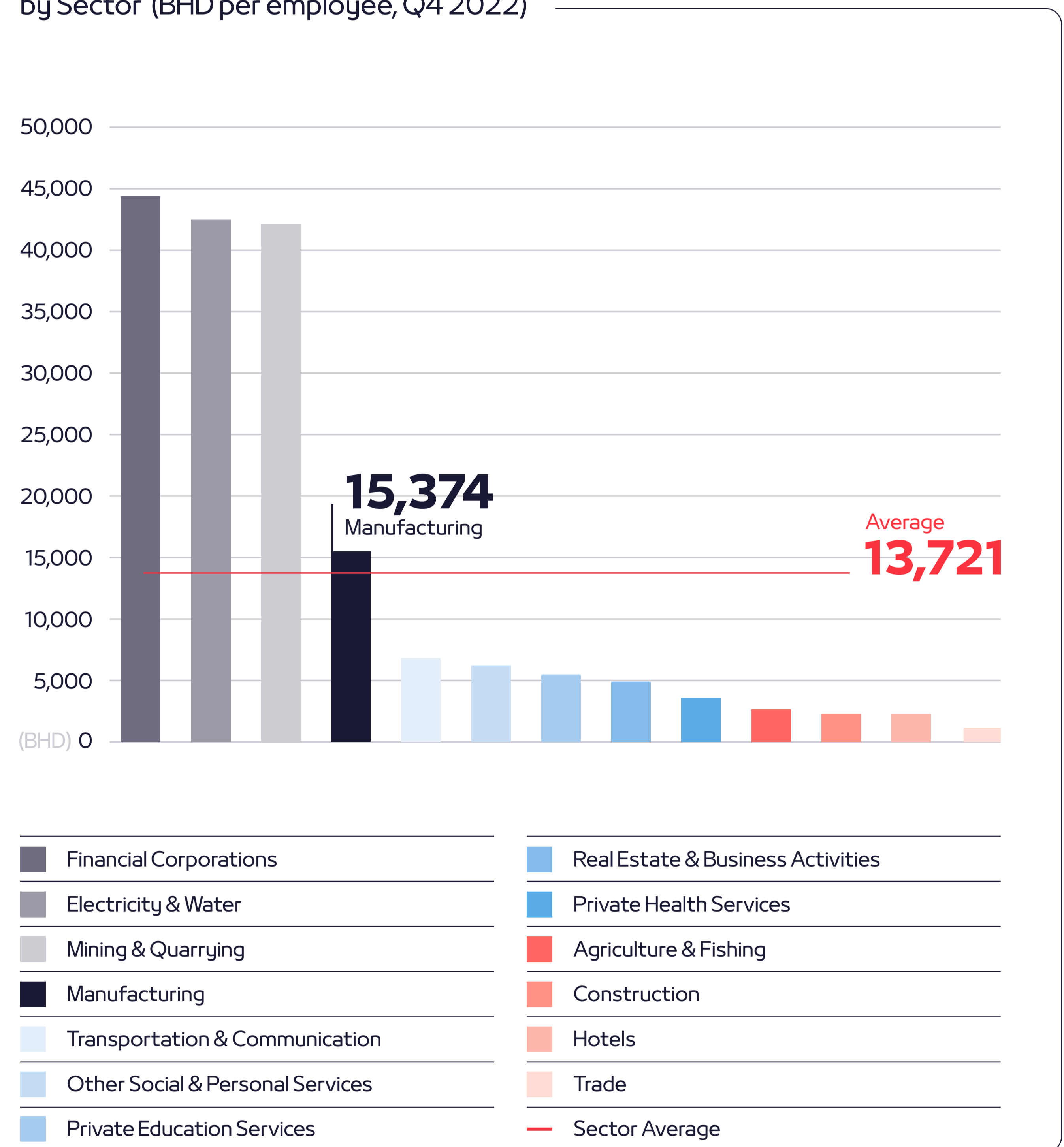
LMRA, Q4 2022- BLMI / iGA-National Accounts



Manufacturing Sector Employees by Citizenship (2018 - 2022)



Manufacturing Productivity by Sector (BHD per employee, Q4 2022)



Important notice

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