

Manufacturing Sector Profile

Bahrain is home to an established and diverse manufacturing sector, with several established heavy industries and a growing cluster in light manufacturing (such as fast-moving consumer goods).

The manufacturing sector contributed approximately 14.1% of Bahrain's real GDP in 2021, making it the second largest non-oil sector following financial services. The manufacturing sector is the third largest employer in the labor market, employing 11% of the total workforce in the private sector with a Bahrainization rate of 24%.

Leading manufacturing activities in Bahrain include 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).

Bahrain hosts two significant factories, one of them is Bapco - the Gulf's first refinery – which is undergoing an ambitious modernization program estimated to be completed by 2023. This will further expand the company's production capacity and value addition. The second is 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.

The Industrial Sector Strategy (2022-2026) as part of the Government of Bahrain's Economic Recovery Plan, aims to attract international investment, through the development of new additional industrial parks in Bahrain (US Trade Zone and the expansion of Sitra Industrial Park). Such plans will increase the allocated land for manufacturing, encourage technological infrastructure and digitizing manufacturing, and increase the sector's contribution to the Kingdom's GDP.

Manufacturing Sector Activities*

MOIC - ISIC4

- Manufacture of food products
- Manufacture of tobacco products
- Manufacture of textiles, wearing apparel, leather and related products
- Manufacture of furniture
- Manufacture of wood and of products of wood and cork
- Manufacture of paper and paper products
- Printing and reproduction of recorded media
- Manufacture of coke and refined petroleum products, chemicals and chemical products
- Manufacture of pharmaceuticals, medicinal chemical and botanical products
- Manufacture of rubber and plastics products, and other non-metallic mineral products
- Manufacture of basic metals, fabricated metal products
- Manufacture of computer, electronic and optical products, and electrical equipment
- Manufacture of machinery and equipment, and repair and installation of machinery and equipment
- Manufacture of motor vehicles, trailers and semi-trailers and other transport equipment

*The following is a sample of the sector activities

Key Market Trends

- The fast rise of environmental, social, and governance factors are redefining and elevating sustainability in manufacturing by reshaping investor and consumer behavior.
- Acceleration in automated and digital technology adoption amongst manufacturing businesses continue to increase from isolated in-house technology projects to full production lines or factories.
- Alba completed the Spent Pot Lining Treatment plant – a zero-waste processing plant that will enable Alba to transform the treated SPL into valuable products, which can be used in other industrial applications, such as cement manufacturing. Japan's Mitsubishi Heavy Industries have also started working on a feasibility study for CO2 capture at Alba potentially contributing to Bahrain's net-zero and renewable energy targets.
- There is a notable increase in new types of smarter light manufacturing such as food and beverage, consumer goods and the growing popularity of solar panels.

Sector Opportunities

- Environmental, social, and governance (ESG): ESG investments and carbon net-zero are on the rise as companies should aim to reduce or eliminate carbon from their operations and pursue more sustainable practices.
- Digitization: Manufacturers looking to capture growth operational efficiencies should embrace digital capabilities as competitiveness amongst businesses will depend on expanded investment in digital technology adoption across the manufacturing sector. This includes opportunities in 3D printing, internet-of-things (IoT) and artificial intelligence (AI) to make use of the new volumes of data that will be collected to improve efficiency to target higher-value added manufacturing sectors. Digital supply networks and data analytics can be powerful enablers for more flexible, multitiered responses to supply chain disruptions.
- Renewable energy: Bahrain's national Net-Zero 2060 target opens opportunities for investment opportunities for more efficient and sustainable solutions in manufacturing. Opportunities in decarbonization (the reduction of carbon dioxide emissions using low carbon power sources), achieving a lower output of greenhouse gasses into the atmosphere. Decarbonization relies on energy efficiency innovation and green hydrogen initiatives that will enable decarbonization in hard-to-abate sectors like aluminum that are critical for solar panel production.
- Aluminum downstream: Significant opportunities to supply regional and world (ex-US) markets for downstream aluminum products on the back of growing global demand from automotive, packaging, and building materials. The Aluminum Downstream Zone in Bahrain is also a new project that will provide the necessary infrastructure to establish a downstream zone near the Aluminum Bahrain factory to attract local and foreign investment in the aluminum sector and develop exports.
- Industrial land expansion: As part of Bahrain's Economic Recovery Plan, the development of new industrial lands such as the Bah-US 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 and abroad.

Manufacturing Sector Economic Indicators

iGA-National Accounts, Q4-2021



BHD
1.768 B
GVA, 2021

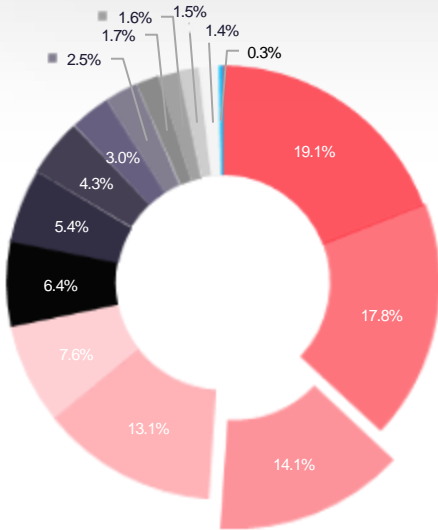


0.5%
YoY Growth
in GVA, 2021

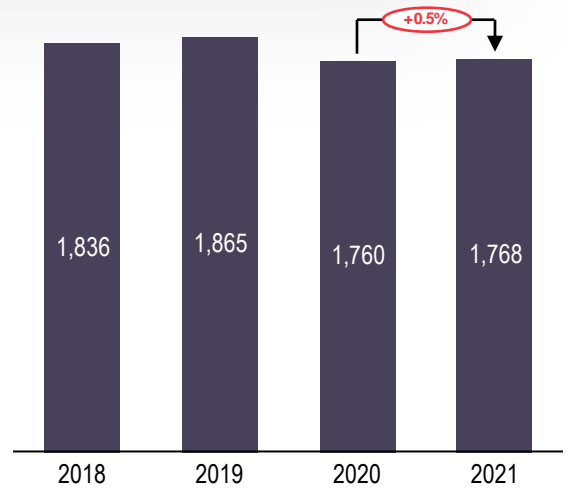


14.1%
Contribution to
Real GDP, 2021

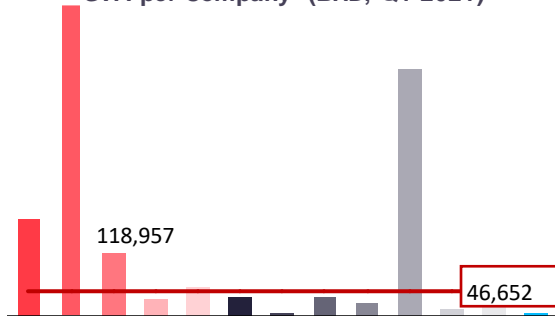
Sectors' Contribution to Real GDP (% , 2021)



Manufacturing Sector
GVA* (BHD, M)



GVA per Company (BHD, Q1 2021)



- Mining & Quarrying
- Manufacturing
- Construction
- Real Estate
- Tax / Import Duties
- Other Social & Personal Services
- Accommodation and food services
- Others**
- Financial Services
- Government Services
- Transportation & Communication
- Sale/Trading
- Private Education
- Electricity & Water
- Private Healthcare
- Agriculture

*Gross Value added (GVA) is the measure of the value of goods and services produced in an area, industry or sector of an economy

**Other includes Government Services, Private Non-Profit Institutions, Households with Employed Persons

Manufacturing Sector Enterprises

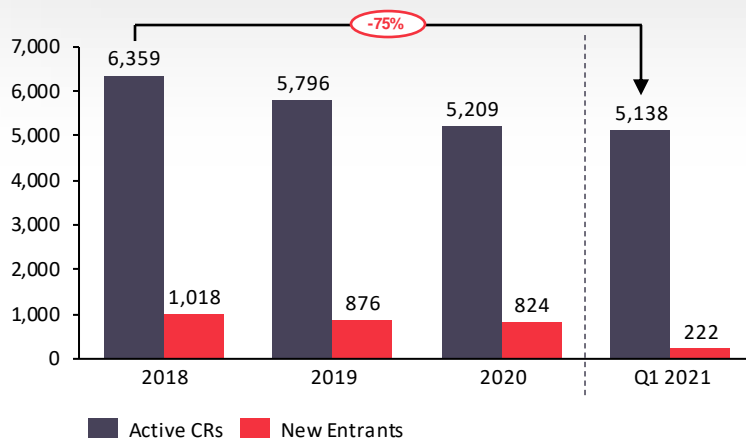
LMRA, Q1 2021 - BLMI



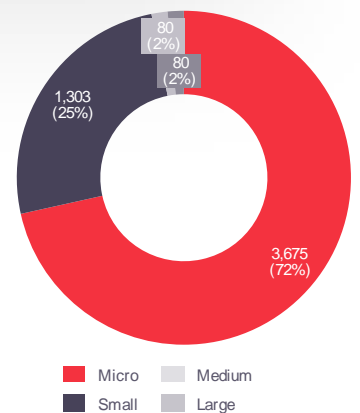
5,138
Active CRs

8%
of total Active
CRs in Bahrain

Manufacturing Sector
Active CRs (2018 – Q1 2021)



Manufacturing Sector
by Enterprise Size (% , Q1 2021)



Manufacturing Private Sector Employment

LMRA, Q1 2021 – BLMI / iGA-National Accounts



56,138
Total Employees

11%
(% of Labor Market)



3,821
Total Female Employees

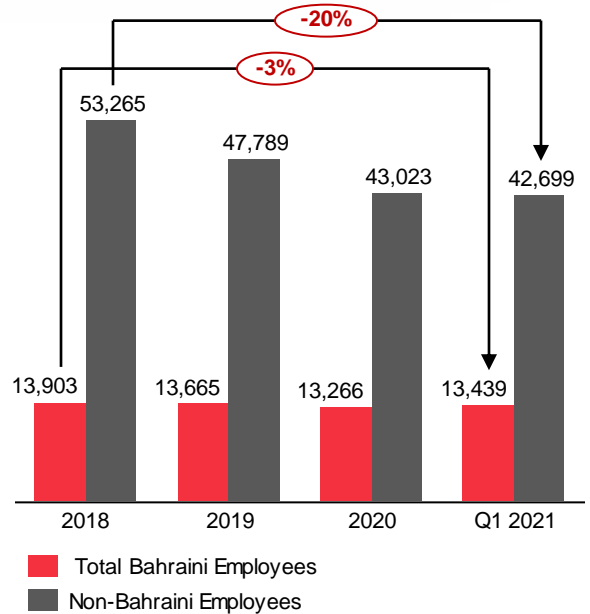
6%
(% Female In Labor Market)



52,317
Total Male Employees

12%
(% Male In Labor Market)

Manufacturing Sector Employees by Citizenship (2018 – Q1 2021)



24%
Bahrainization
Ranked 10/18 Sectors

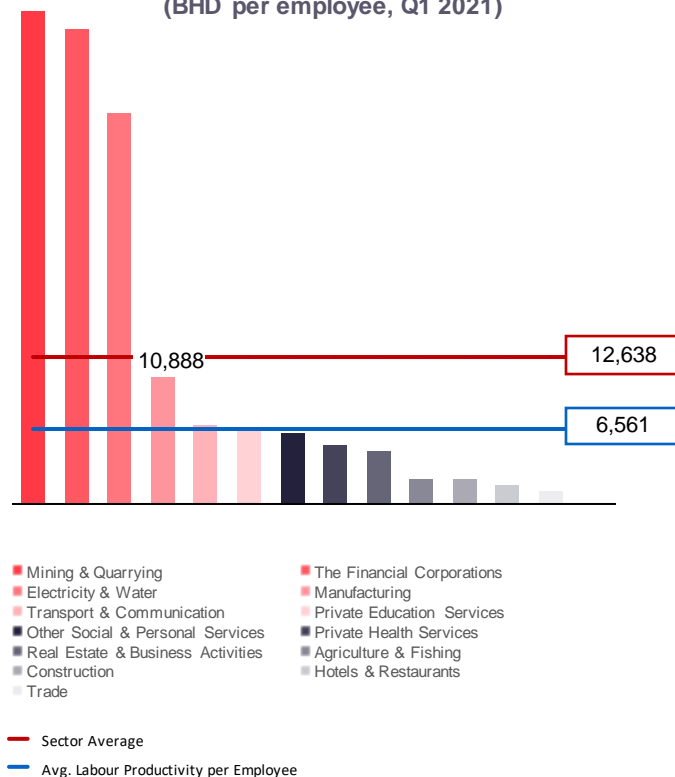


13,439
Bahraini Employees
14%
(% of Total Bahraini Employees)



42,699
Non-Bahraini Employees
10%
(% of Total Non Bahraini Employees)

Manufacturing Sector Labor Productivity by Sector (BHD per employee, Q1 2021)



BHD 1,029
Average Wage of Bahrainis



BHD 293
Average Wage of Non-Bahrainis



BHD 10,888
Labor Productivity
Ranked 4/13 sectors*

*13 sectors as per ISIC 3 / National Accounts, iGA



5%
(% of Labor Market) Ranked 13/18 sectors



19%
(% of Labor Market) Ranked 6/18 sectors