



BAHRAIN

Capital: Manama

Population (2008 est.):

Bahrain: 727,785

Virginia: 7.7 million

Government Type: Constitutional Monarchy

Head of Government:

Prime Minister Khalifa bin Salman Al-Khalifa

Chief of State:

King Hamad bin Isa Al-Khalifa

Languages (Official): Arabic

Land Size:

413 square miles

(3.5 times the size of Washington D.C.)

Currency: (www.oanda.com)

Bahraini Dinar (BHD)

1US\$ = 38 BHD (June 2009)



(Map of Bahrain. CIA)

DID YOU KNOW?

- The United States exported \$829.52 million worth of goods to Bahrain in 2009, a 40% increase over 2007. (World Trade Atlas)
- The United States and Bahrain signed a free trade agreement (FTA) that went into effect in August, 2006. The agreement eliminates tariffs on all trade in consumer and industrial products, and will eliminate several outstanding tariffs on agricultural products by 2015. (USTR)
- Saudi Arabia is Bahrain's primary export market, followed by the United States and the UAE. Saudi Arabia is also Bahrain's primary source of imports, followed by Japan and the United States.
- Bahrain was a British protectorate until 1971 when it became an independent nation.
- Bahrain is linked to its neighbor Saudi Arabia by the King Fahd Causeway. The proposed Friendship Bridge connecting Bahrain to Qatar would be the longest fixed link in the world.
- The Al-Khalifa family has been in charge of the Bahraini archipelago since conquering it from the Persians in 1783.
- Bahrain has close military ties to the United States and is the headquarters of the U.S. Navy's Fifth Fleet. (CIA)
- Bahrain is a less conservative country than many of its neighbors. Women are allowed to drive cars in Bahrain, vote in elections, and mingle with the opposite sex more freely. Consumption of alcohol is permitted, although the Bahraini government is considering certain bans on alcohol.



BAHRAIN

ECONOMIC OUTLOOK

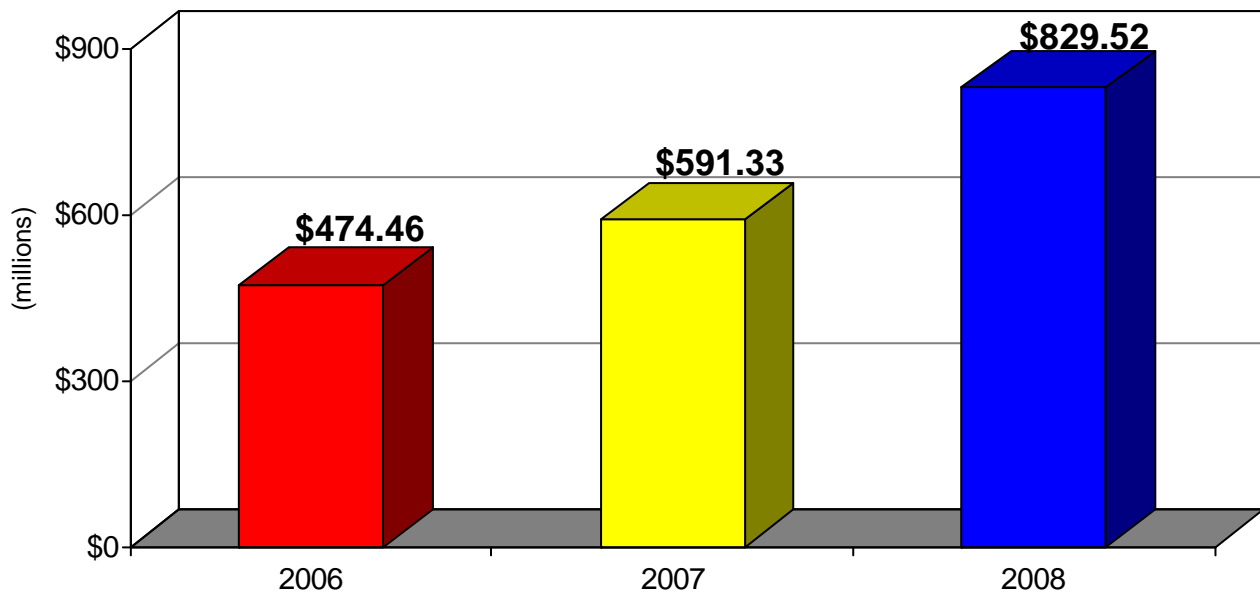
Facing declining oil reserves, Bahrain has turned to petroleum processing and refining and has transformed itself into an international banking center. Petroleum production and refining account for over 60% of Bahrain's export receipts, over 70% of government revenues, and 11% of GDP. Aluminum is Bahrain's second major export after oil. Other major segments of Bahrain's economy are the financial and construction sectors. Bahrain is focused on Islamic banking and is competing on an international scale with Malaysia as a worldwide banking center.

Bahrain is actively pursuing the diversification and privatization of its economy to reduce the country's dependence on oil. As part of this effort, in August 2006 Bahrain and the United States implemented a Free Trade Agreement (FTA), the first FTA between the U.S. and a Gulf state. Continued strong economic growth hinges on Bahrain's ability to acquire new natural gas supplies to support its expanding petrochemical and aluminum industries. Unemployment, especially among the young, and the depletion of oil and underground water resources, are long-term economic problems.

Bahrain's economy grew an estimated 6% in 2008 and is projected to grow 2.6% in 2009. The current global financial crisis is slowing economic growth for Bahrain as tight international credit and a slowing global economy cause funding for many non-oil projects to dry up. Lower oil prices may also cause Bahrain's budget to slip back into deficit.

(CIA and International Monetary Fund)

VIRGINIA EXPORTS TO BAHRAIN



(Source for Graph: World Trade Atlas)



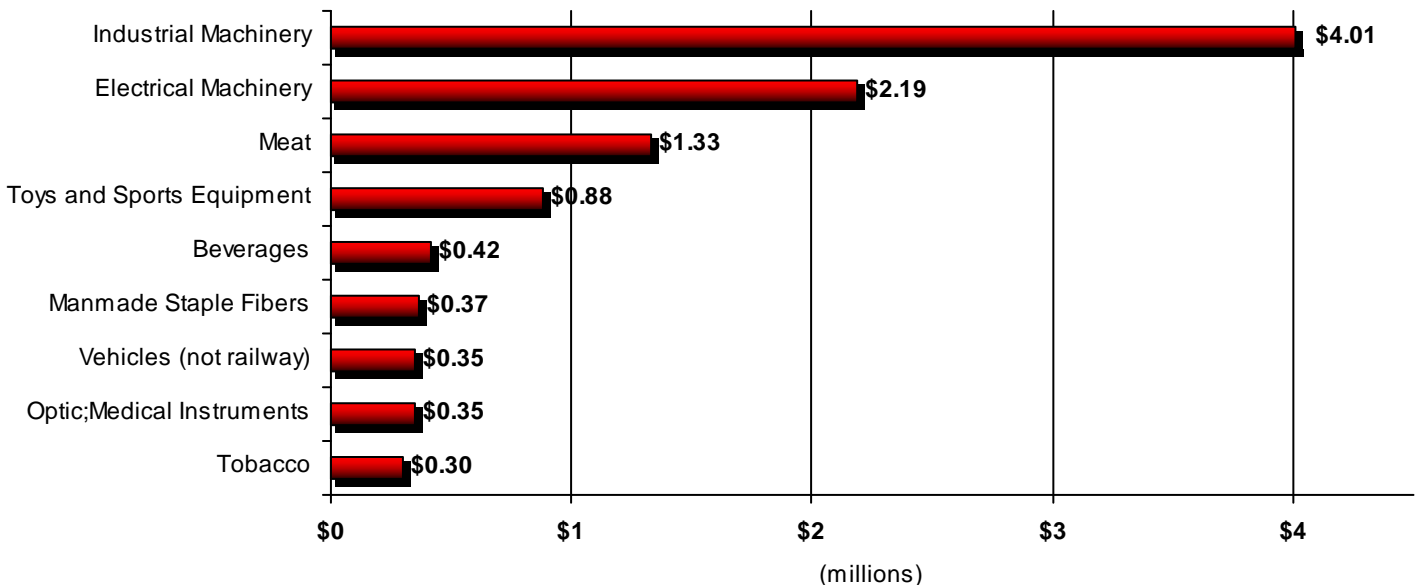
BAHRAIN

VIRGINIA EXPORTS TO BAHRAIN

Top U.S. exports to Bahrain via Virginia in 2008 were dominated by industrial machinery (mainly engines/motors), electrical machinery (mainly communication base stations), and meat (mainly poultry). These three export groups saw annual increases in 2008 of 26%, 186%, and 175%, respectively. The fastest growing export group was toys and sports equipment, although this group increased from a relatively low \$12.5 thousand in 2007. Within toys and sports equipment, top exports were arcade and parlor games. Tobacco used to be Virginia's top export to Bahrain, reaching \$6.4 million in the year 2000. Industrial machinery has been the most consistently strong U.S. export to Bahrain via Virginia over the last decade.

Overall U.S. exports to Bahrain have a slightly different profile from that of Virginia's exports to the Bahraini archipelago, and reflect the close military ties the island nation has with the United States. In 2008, the United States exported to Bahrain \$70.75 million of helicopters, \$58 million of airplanes, \$2.6 million of armored war vehicles (tanks), and millions of dollar in communications equipment. The United States also exports a substantial amount of agricultural products to Bahrain, such as dairy products, cereals (mainly wheat and corn), meat (mainly chicken and beef), breads and pastries, animal feed from soybean residues, dried fruits and nuts, frozen foods, and liquor (mainly rum).

VIRGINIA'S TOP EXPORTS TO BAHRAIN- 2008



(Source for Text and Graph: World Trade Atlas)



VEDP TRADE EVENTS

Market Visit to Bahrain and Saudi Arabia: November 7-10, 2009.

For more information contact Mark Myrick, International Trade Manager, (804) 545-5755 or email at MMyrick@yesvirginia.org.

For a complete listing of VEDP's international trade events, please visit the "Events" tab on our website: www.ExportVirginia.org

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ADDITIONAL RESOURCES

Embassy of the Kingdom of Bahrain in Washington D.C.: <http://www.bahrainembassy.org/>

Bahrain Economic Development Board (EDB): <http://www.bahrainedb.com/>

U.S.-Bahrain Business Council: <http://www.usbahrainbusiness.org/>

American Chamber of Commerce in Bahrain: <http://www.amcham-bahrain.org/index.php?ID=24>

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