

Bahraini king's visit

Four decades of development

Khalil Ebrahim Hassan
AMBASSADOR OF THE KINGDOM OF
BAHRAIN

The Embassy of the Kingdom of Bahrain celebrates the Official Working Visit to Japan of His Majesty Hamad bin Isa Al Khalifa, king of Bahrain, from April 11 to 13.

On this occasion, the Embassy of the Kingdom of Bahrain in Tokyo has the honor to renew, on

behalf of the government and people of the Kingdom of Bahrain, our heartfelt greetings and good wishes to Their Imperial Majesties Emperor Akihito and Empress Michiko, the government and the people of Japan.

Last year, Japanese people faced great hardship from the Great East Japan Earthquake. The resilience of the Japanese people have shown toward the trilateral disasters impressed the people of the world, and the harmonic way they are trying to manage the subsequent natural, social, political and economic challeng-

es shall surely raise Japan back to being a model for economic leadership of the world.

This year counts as 40th year since our countries started building our friendship and strong relationship. Having said that, I am honored to share today with our Japanese friends 40 years of the fruitful Bahrain-Japan relationship.

Ever since I was appointed as an ambassador seven years ago, our team's focal mission has been to enhance the Bahrain-Japan partnership on a human basis, cultivate Japan's interests in our region and introduce genuine and productive cultural exchanges between the people of both countries. To this end, I must say with pride and gratitude that we have been achieving remarkable progress so far, with the kind assistance and cooperation from our precious friends, associations and companies here in this beautiful and friendly country, Japan.

There are more luxurious projects currently being planned in Bahrain. The Kingdom of Bahrain makes many activities possible, from watching a Formula One race to playing golf or swimming at the artificial island resorts. Moreover, huge-scale island resorts — with water park,

wildlife safari, luxurious hotel villas and shopping malls — will attract you to stay for days. Today, the Kingdom of Bahrain is recognized as a globally oriented country with a distinctly local flavor.

Bahrain has witnessed leaps and bounds in its development in the past four decades. Having established itself as the undisputed financial center of the Gulf region, and moving toward becoming the region's knowledge-based service hub, Bahrain's progressive outlook and international perspective are reflected in its social and economic diversity. Choosing Bahrain as a regional base of business, as a destination for vacations, or as a second home after retirement can spice up your life. In fact, Bahrain is an ideal destination for a vacation for most of the Japanese staying in the Gulf region. The modern and liberal atmosphere of this open and democratic society must be remarkably appealing to Japanese visitors.

Last but not least, Bahrain has a long history as a successful trading nation at the heart of the Gulf. It was the first Gulf nation to discover oil and the first to diversify its economy away from oil and attract foreign investors to share in its prosper-



His Majesty King Hamad bin Isa Al Khalifa of Bahrain

ity. Today, Bahrain has a clear vision for the future based on sustainable growth and economic diversification, which offers extensive opportunities for Japanese businesses. Bahrain's fast-growing economy has at-

tracted a wide range of Japanese businesses over the years. I believe that economic, social and cultural prosperity will continue to flourish in the Arab region and the Kingdom of Bahrain is one of the countries leading this effect.

Brief profile, agenda of King Hamad

His Majesty King Hamad bin Isa Al Khalifa of Bahrain was born on Jan. 28, 1950, in Riffa, Bahrain, the first son of then Crown Prince Isa bin Salman Al Khalifa and his wife, Hessa bint Salman Al Khalifa.

After studying with his fellow citizens at Manama Secondary School, King Hamad became the crown prince in 1964. He continued his higher education in England at Leys School in Cambridge and Mons Officer Cadet School at Aldershot, Hampshire, graduating in 1968.

He further studied at the U.S. Command and General Staff College in Fort Leavenworth, Kansas, from 1971 and graduated with a master's degree in military science in May 1972.

Meanwhile, he was commissioned to the Bahrain National Guard in 1968 and was appointed as its commander in the same year.

He became minister of defense upon the establishment of the Council of Ministers in 1971 and remained in this post until 1988, and then became commander-in-chief of the Bahrain Defense Force.

In 1975, he was appointed as the head of the Supreme Council for Youth and Sports.

In 1981, he established the Bahrain Center for Studies and Research and issued the Amiri Decree to enhance scientific and technological research in Bahrain in particular and the Gulf region in general.

In 1999, he succeeded his late father Amir Isa bin Salman Al Khalifa and became amir of Bahrain and commander-in-chief of all military forces.

During his reign, the Council of Representatives took place on Oct. 24, 2002 and updated the institutions of democracy, transforming the country into a constitutional monarchy headed by the king. Then Amir Hamad became the first king of the Kingdom of Bahrain.

King Hamad is the father of six sons and four daughters, including the Crown Prince Salman bin Hamad bin Isa Al Khalifa.

The visit of King Hamad to Japan from April 11 to 13 is the first for His Majesty.

During his stay in Japan, King Hamad will make a state call on the Imperial court. King Hamad is also scheduled to meet with Prime Minister Yoshihiko Noda.



High speed: Held for the first time in 2004, the Bahrain Grand Prix, the first Formula One race in an Arab country, draws spectators from around the world. EMBASSY OF BAHRAIN

Ease of doing business in Bahrain, 'freest economy' in the Middle East

Bahrain has long been a successful trading nation and a magnet for international business. Our commercial history goes back more than 4,000 years, when the Dilmun civilization lay at the heart of the world's trade routes.

In modern times, Bahrain was the first Gulf nation to discover oil — and later the first to diversify its economy away from oil. We were also the first nation in the Middle East to establish a financial services sector. After four decades of growth and development, the sector continues to thrive today.

Bahrain is home to over 400 licensed financial institutions and the finance sector contributes to approximately 25 percent of the nation's gross domestic product (GDP). Other sectors are thriving, too, including the downstream sector, business support services, manufacturing, logistics and information and communications technology (ICT),

to name but a few.

Access to huge market

Bahrain provides a unique opportunity for investors from Japan looking to set up in the Middle East.

Its strategic location means that companies based in Bahrain are well-placed to access the markets of the Gulf. The combined GDP of the Gulf Cooperation Council (GCC) states — Saudi Arabia, the United Arab Emirates, Kuwait, Qatar, Oman and Bahrain — already stands at more than \$1 trillion and is set to grow considerably as the population expands and these economies continue their development.

Why invest in Bahrain

Bahrain is one of the best places from which to access this rapidly growing market for a number of reasons.

First, it is acknowledged as the

freest market in the Middle East. It was recently ranked 12th in the world by the Heritage Foundation/Wall Street Journal 2012 Index of Economic Freedom, the only country in the region to feature in the world's top 20. Bahrain has led the region in this ranking for the past 16 years.

Bahrain also provides a liberal business environment. Overseas investors benefit from 100 percent foreign ownership for most categories of business with no restrictions on repatriation of capital, profits or dividends.

Bahrain has a tried-and-tested legal and regulatory environment, which investors can trust to protect their interests in a fair, open and transparent manner. The Central Bank of Bahrain (CBB) has a reputation based on a blend of factors, including accessibility, international standards of regulation and effective supervision. The CBB consults widely with banking profession-

als in devising its regulations and applies them all uniformly, with no exceptions, and goes beyond its role as a regulator by providing services and insights to its customers and the broader financial services community.

The official opening of the Bahrain Chamber for Dispute Resolution (BCDR-AAA) in 2009 gives added confidence to businesses and investors throughout the region. With its introduction, Bahrain has become the first country in the world to establish an arbitration "free zone"; where parties agree to be bound by the outcome of an international dispute heard at the BCDR-AAA, the ruling is not subject to challenge in Bahrain's domestic courts, assuring jurisdictional and legal certainty in recognition of arbitration rulings.

Against this strong regulatory backdrop, Bahrain has developed a reputation as the Gulf's leading financial services hub,

specializing in areas ranging from fund management to Islamic finance.

Banking

Banking, the cornerstone of Bahrain's early development as a financial center nearly 40 years ago, is well-capitalized. Assets in the banking sector have now reached \$195.6 billion, with growth fueled in part by increasing liquidity from oil revenues in the region. Banks provide capital for financing and re-investment to all sectors of the Bahrain economy as well as to projects in other countries.

Funds

The first Bahrain-domiciled fund was introduced in 1984 and the funds industry has continued to thrive ever since. Currently, over 2,700 funds cover a broad portfolio of investments. Total assets under management amount to more than \$8 billion.

Also contributing to the success of the kingdom's financial services sector is the Bahrain Stock Exchange (BSE), which opened in 1989. There are currently 50 companies, 11 bonds (both conventional and Islamic) and 31 mutual funds listed on the BSE. As of January 2012, the exchange had a market capitalization of \$16.53 billion.

Insurance

Double digit growth in Bahrain's insurance industry mirrors the expansion of Bahrain's financial sector. Bahrain is home to 38 insurance firms, and total gross premiums underwritten in the kingdom grew at a compound annual growth rate of 15 percent between 2001-2010 to register 210.48 million Bahraini dinars in 2010 (2001: 58.59 million Bahraini dinars).

Islamic banking pioneer

Islamic banking, which is asset-



Futuristic: Built in 2008, the Bahrain World Trade Center is the first skyscraper in the world to integrate wind turbines into its design. EMBASSY OF BAHRAIN

based and adheres to the Shariah rules and regulations of Islamic financial standards, is receiving attention well beyond the Middle East banking community. Since the 1970s, Bahrain has championed Islamic banking and understood its potential. The kingdom has the largest concentration of Islamic financial institutions in the world, with 26 Islamic banks (\$24.4 billion in assets under management as of January 2012), and nine Islamic insurance companies, both "takaful" (Shariah-compliant insurance assets) and re-takaful.

In addition to numerous Islamic financial institutions, Bahrain also plays host to specialized organizations committed to the development of Islamic finance, including the Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI) and the International Islamic Financial Market (IIFM). Demand for Islamic products is growing, which has opened up an increasing number of opportunities for foreign expertise.

Bahrain provides a range of **CONTINUED ON PAGE 7**

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to His Majesty King Hamad bin Isa Al Khalifa of the Kingdom of Bahrain on His Visit to Japan and the 40th Anniversary of the Establishment of Diplomatic Relations between Japan and the Kingdom of Bahrain



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طيران الخليج
Gulf Air

Bahraini king's visit



Capital: Manama is the largest city in Bahrain and an important financial hub in the Middle East. EMBASSY OF BAHRAIN

Bahrain is keen to ensure Japan remains an important partner

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other attractions for businesses looking to target the Gulf and wider Middle East market. Taxes and operating costs are amongst the lowest in the Gulf. Three generations of education for both men and women means that overseas businesses can employ well-educated, highly skilled local employees. Bahrain is also situated right at the heart of the Gulf with excellent road and rail links providing good access to all major markets.

Bahrain's education system has already played a major part in our success to date but we are determined to invest in the future. An estimated 100,000 young people are due to join the workforce over the next 10 years and this provides a great opportunity for businesses looking to tap into the talent and potential of this country.

One of our key aims is to ensure that these new workers have the skills that the private sector requires. To achieve this, the government has consistently invested in education and skills-attainment, including the Bahrain Polytechnic launched in 2008, as a key priority to support the further diversification of the economy and ensure that the national workforce possesses the skills valued by the private sector.

The kingdom's business sector is already supported by the most productive, well-educated and highly skilled national workforce in the GCC. For example, approximately 67 percent of the financial services sector workforce is Bahraini.

Excellent infrastructure

Other aspects of the business environment, such as the country's quality of infrastructure and macroeconomic conditions, have also been praised. The World Economic Forum's (WEF) Global Competitiveness Report 2011-12 highlighted the kingdom's stable macroeconomic environment, significant improvements in health care, education, training and labor market practices, together with the kingdom's strong infrastructure.

The latter maximizes our strategic location as the gateway to the Gulf and has been boosted by



Amicable relations: His Majesty King Hamad meets with Japanese Ambassador to Bahrain Shigeki Sumi on March 28. EMBASSY OF BAHRAIN

new developments, such as the \$280 million Bahrain Logistics Zone (BLZ) — the region's first boutique, value-added logistics area focusing on re-export and value-added activities — and the adjacent \$500 million Khalifa Bin Salman Port (KBSP), managed by APM Terminals, which offers the region increased capacity and modern facilities to meet the rising demand for cargo transport.

Designed to capitalize on Bahrain's close proximity to Saudi Arabia at just 13 km from Bahrain International Airport — itself undergoing a \$4.8 billion expansion project, which includes plans to treble existing cargo capacity — the developments offer tremendous scope for boosting bilateral cooperation between Bahrain and Japan.

Bahrain-Japan relations

Bilateral relations with Japan date back to 1934, when the first Bahraini oil shipment was sent to Japan, two years after oil was first discovered in Bahrain. Just after independence in August 1971, Japan recognized the State of Bahrain. Diplomatic relations were established less than a year later on May 2, 1972, but the first Japanese ambassador to Bahrain arrived in March 1988. The Bahrain Economic Development Board (EDB) opened its Japan office in 2000 and Bahrain opened an Embassy in Tokyo in September 2005.

Japan has long been a major trading partner of Bahrain. Trade between Bahrain and Japan in-

creased by almost 30 percent in 2010, reaching \$1.25 billion, compared with \$961.5 million in 2009. This trend is set to surge with a Japan-GCC Free Trade Agreement (FTA) currently being negotiated. There are also an impressive number of Japanese companies based permanently in Bahrain to take advantage of the unique proposition that Bahrain offers its trading partners within the Gulf and further afield — the most attractive business environment from which to access the Middle East and North Africa (MENA) region, a mature, truly diversified and sustainable economy with productivity-led growth.

A prosperous future

His Majesty the King's official visit to Japan highlights and strengthens our close ties. The EDB is keen to capitalize on this event and ensure that Japan remains an important partner of Bahrain in many spheres — not only trade — for decades to come. We believe that Bahrain provides huge potential for investors looking to develop profitable businesses in the Middle East. Japanese businesses already sharing in this success of Bahrain include Daiwa Securities, Nomura Investment Banking (Middle East) B.S.C, Yamato Kogyo, Yokogawa, Sumitomo Corp., Ebara, JGC, Toyota Training Centre, Yakult, JAEPS, Sakura, Kobe Steel and Mitsui, among others.

Kamal bin Ahmed, minister of transportation and acting

chief executive of the EDB, said: "Bahrain has long had strong ties to Japan. Indeed, Bahrain EDB's office in Japan has been open since 2000 and was one of the first international offices we established.

"The value of this relationship is evident in the \$1.25 billion in trade between our two countries in 2010. Both countries benefit from this trade, which not only provides Japanese businesses with access to the thriving Gulf market, but also allows Bahrain to access Japan's expertise in areas including the petrochemical, aluminium, gas and telecommunication industries.

"His Majesty the King's visit to Japan is a reflection of the importance of our mutual relationship, and we look forward to seeing this relationship go from strength to strength in the future."

For international companies looking to access the trillion-dollar Gulf market, Bahrain is the ideal location to do business in and from. We look forward to welcoming an even stronger presence of those from Japan.

To find out more about opportunities in Bahrain, please visit www.bahrainedb.com or contact the EDB below:
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