



وزارة المالية والاقتصاد الوطني

Ministry of Finance  
and National Economy

# Bahrain Economic Quarterly

## Q1 2022

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البحرين  
BAHRAIN

## SUMMARY

### NON-OIL SECTORS REBOUND

The Bahraini economy continued to record strong growth momentum in the first quarter of 2022 with a broad-based recovery in the non-oil sectors. This positive performance is indicative of national efforts aimed at enhancing financial and economic stability, as well as investments in strategic projects that will ultimately achieve the goals of the economic recovery plan.

According to the latest data issued by the Information and eGovernment Authority (iGA), Bahrain's real GDP grew by an annual 5.5% in real terms in Q1 2022 and 19.7% in nominal terms.

- ◆ **Bahrain's real GDP expanded by 5.5% YoY in Q1 2022.** The accelerating recovery was led by the non-oil sector which witnessed growth of 7.8% YoY, whereas the oil sector recorded a 4.7% YoY drop as a result of seasonal maintenance at the Bahrain and Abu Sa'afah oil fields.
- ◆ **The non-oil sector rebound was led by high-contact activities that had been disrupted by the pandemic, recording a nominal GDP growth of 19.7% YoY.** Preliminary data showed oil GDP to have increased by 42.2% YoY in nominal terms, supported by the recovery of global oil prices. Non-oil GDP grew by 16.2% YoY, due to the notable growth of the Manufacturing sector by 55.4% YoY, and the Hotels and Restaurants sector by 35.2%.
- ◆ **The World Bank has revised down its forecast for global economic growth for 2022 from 4.1% estimated in January to 2.9%.** The Global Economic Prospects issued by the World Bank in June revised Bahrain's forecasted economic growth upwards from 3.2% to 3.5% in 2022, and from 2.9% to 3.1% in 2023, indicating that the Economic Recovery Plan is steering the economy in the right direction.

### Bahrain Economic Outlook

	2020	2021 Prelim	2022 Forecast	2023 Forecast
Real GDP growth (%)	-4.9%	2.2%	4.1%	2.5%
Non-hydrocarbons sector	-6.0%	2.8%	5.0%	2.9%
Hydrocarbons sector	-0.1%	-0.3%	0.3%	0.3%
Nominal GDP growth (%)	-10.2%	11.9%	14.8%	1.9%
Inflation (CPI %)	-2.3%	-0.6%	3.2%	2.5%
Current account (% of GDP)	-9.3%	6.7%	16.5%	11.0%
Crude Oil Brent (USD)	41.7	70.9	105.2	89.0

Source: Ministry of Finance and National Economy estimates

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## EXTERNAL CONTEXT

### *Global Prospects*

The global economy has not yet reached a full recovery post COVID-19. In fact, economic growth is slowing down once again due to a number of factors.

The International Monetary Fund's (IMF) World Economic Outlook released in April 2022 showed global growth is expected to slow from 6.1% in 2021 to 3.6% in 2022 and 2023. This represents a decline of 0.8 and 0.2 percentage points in 2022 and 2023 respectively compared to the January 2022 released forecasts. Beyond 2023, forecasts indicate a decline in global growth to about 3.3% in the medium term. According to the same report, the expected inflation rates for 2022 will reach 5.7% in advanced economies and 8.7% in emerging markets and developing economies, exceeding January expectations by 1.8 and 2.8 percentage points, respectively. This is largely due to the rise in commodity prices and the widening of price pressures as a result of the Russia- Ukraine conflict.

The eruption of an open military conflict between Russia and Ukraine has intensified the current energy and food issues which began in 2021. This caused significant increase in inflation rates in all countries except for some of those that export raw materials or oil. The United States of America has seen inflation climb to 8.6% and the European Union to 8.1% which are unprecedented since the last four decades.

China locked down large parts of its economy in response to COVID-19 outbreaks, leading to concerns that economic growth this year would fall short of expectations, potentially turning negative in YoY terms in Q2 2022. This has further strained supply chains but has also triggered a growing range of stimulus policy responses by the authorities. The People's Bank of China lowered the benchmark loan rate for five years or more from 4.6% to 4.45%. The bank had also cut rates by 0.1 percentage points in early 2020.

The International Energy Agency (IEA) lowered its forecast for global oil demand in 2022 after China reimposed lockdown to contain the spread of COVID-19. The agency expects a slowdown by 56.8% in the growth of global oil demand during Q2 of 2022, to reach 1.9mn barrels per day (bpd), compared to 4.4mn bpd during Q1 2022. Notably, the OPEC+ alliance has strained spare capacity outside of the Gulf and has failed to deliver in its planned production increases in full, due to disruptions in supplies coming from Russia. The IEA expects oil consumption to expand by 1.8mn bpd to reach an average of 99.4mn bpd for the year as a whole.

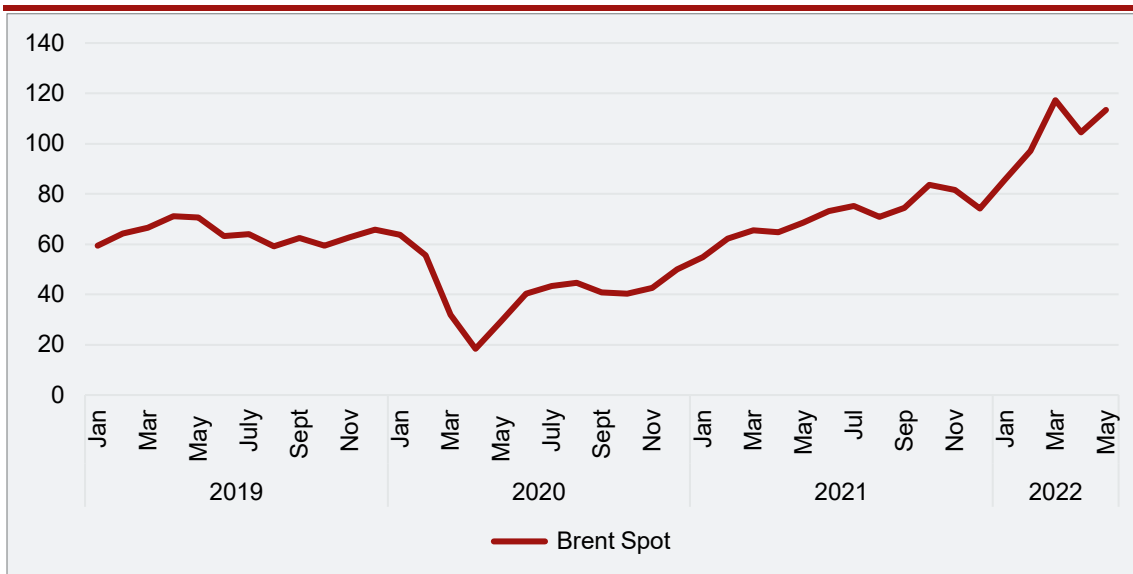
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### Europe Brent Spot Oil Price (USD per barrel)



Source: US Energy Information Administration

### GCC Economic Outlook

The General Authority for Statistics in the Kingdom of Saudi Arabia reported real GDP growth of 9.9% in Q1 2022 compared to Q1 2021, and a QoQ growth in the seasonally adjusted GDP of 2.6%. This economic growth was accelerated by the significant increase in the oil sector, which grew by 20.3% YoY, and 2.9% QoQ. Non-oil sector also expanded by 3.7% YoY and 0.9% QoQ. Further, Saudi's government services sector witnessed YoY growth of 2.4%, while it decreased by 0.9% QoQ.

The Central Bank of the United Arab Emirates forecasts GDP growth of 5.4% in 2022. According to their annual publication, UAE real GDP grew by 3.8% in 2021, driven mainly by growth in the non-oil sector of 5.3%.

According to the latest Qatar Economic Outlook published by Qatar's Planning and Statistics Authority, forecasts based on three possible scenarios were calculated: a base scenario, a medium scenario, and the most optimistic scenario. The forecasts were made based on the assumptions that include the extent to which the production and service sectors will recover as a result of the gradual lifting of Covid-19 containment measures and the effectiveness of business climate reforms. Real GDP is forecasted to grow by 2.9% in 2022 based on the most optimistic scenario. This growth will be driven by the non-oil sector which is forecasted to grow by 4.7%.

## BAHRAIN

According to the Information & eGovernment Authority's preliminary data for Q1 2022, the Kingdom of Bahrain recorded a YoY growth in Q1 2022 by 5.5% in real terms and 19.7% in nominal terms.

In Q1 2022, the non-oil sector witnessed YoY growth of 7.8% in real terms and 16.2% in nominal terms. On the other hand, real oil GDP declined by 4.7% YoY, with a YoY nominal increase of 42.2%.

### Real GDP Growth (%)



Source: Information & eGovernment Authority

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## *Non-Oil sector*

The non-oil sector witnessed a notable improvement during Q1 2022, with a YoY growth of 7.8% in real terms and 16.2% in nominal terms.

The Hotels and Restaurants sector achieved the highest growth rate in real terms by 26.6% YoY. According to the results of the Tourism Survey by the Bahrain Tourism and Exhibition Authority and the Information & eGovernment Authority, visitor arrival numbers reached a total of 1.7mn, an increase of 984% compared to the same period in 2021 as entry measures were relaxed. Number of travelers into the Kingdom increased by 670% YoY during Q1 2022 to reach a total of 1.9mn. Further, the average stay for visitors increased by 2%, and average visitor spend by 4% to BD 78.

The Transportation and Communication sector also recorded a notable improvement, with a YoY growth of 15.8% in Q1 2022. As for Government Services sector, it saw an increase of 6.2% YoY.

The Manufacturing sector saw a 5.3% YoY growth in the same quarter, as some of the largest companies in this sector saw notable increases in their production volumes; production of the Bahrain National Gas Company (Banagas) went up by 19.7%, Bahrain Petroleum Company (Bapco) by 17%, and Aluminum Bahrain (Alba) by 2.4%.

The Real Estate and Business Activities sector witnessed notable real growth during Q1 2022, with YoY growth of 4.7%. This growth is mainly associated with the increase in number of real estate transactions registered with the Survey and Land Registration Bureau, which grew by 9.1% YoY, and saw the value of these transactions increase by 29.4% for the same period.

The Financial Services sector, the largest non-oil sector contributor to real GDP, saw a YoY growth of 3.1%. The Central Bank of Bahrain (CBB) issued the monthly statistical bulletin which revealed an increase in the broad measure of money supply (M3) growth by 5.9%, loans and facilities from retail banks by 4.9% and banking system balance sheet by 3.6%

The construction sector achieved YoY growth of 3.0% in Q1 2022, supported by growth in the total area of building permits and the total issued permits of 34.2% and 17.5%, respectively.

When looking at the trade sector, YoY growth was recorded at 1.6% in real prices, with new commercial registrations for companies being issued achieving a growth of 35.3% in Q1 2022 and an increase in point of sale and e-commerce transactions value by 30.5%.

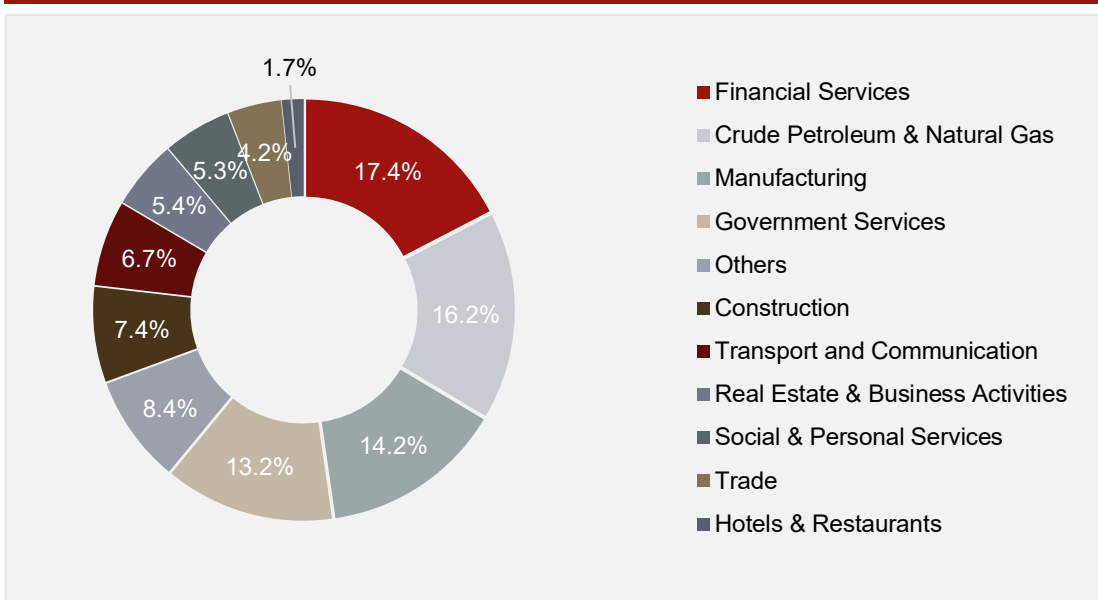
### Real GDP Growth by Sector (YoY, %)

Year Sector	2021					2022
	Annual	Q1	Q2	Q3	Q4	Q1
Crude Pet. & Nat. Gas	-0.3%	2.1%	-2.3%	-4.6%	4.7%	-4.7%
Manufacturing	0.5%	-1.9%	2.3%	-0.3%	1.8%	5.3%
Electricity & Water	3.0%	-4.9%	2.8%	4.4%	9.6%	12.3%
Construction	0.8%	-0.9%	0.2%	0.7%	3.1%	3.0%
Trade	1.2%	-6.2%	4.2%	4.5%	2.9%	1.6%
Hotels & Restaurants	7.6%	-20.4%	45.2%	-5.6%	31.7%	26.6%
Transp. & Comm's	6.4%	-26.8%	36.0%	25.8%	11.5%	15.8%
Social & Pers. Serv.	-1.3%	-13.3%	3.2%	4.0%	2.9%	-1.9%
Real Est. & Bus. Act.	3.3%	-1.0%	4.7%	4.7%	4.8%	4.7%
Financial Services	6.0%	10.7%	12.4%	-2.7%	5.2%	3.1%
Government Services	2.0%	1.8%	1.2%	1.9%	3.1%	6.2%
Other	3.5%	-16.3%	14.3%	31.8%	-3.8%	46.7%
<b>GDP</b>	<b>2.2%</b>	<b>-2.8%</b>	<b>5.5%</b>	<b>2.1%</b>	<b>4.3%</b>	<b>5.5%</b>
<b>Non-oil GDP</b>	<b>2.8%</b>	<b>-3.8%</b>	<b>7.4%</b>	<b>3.8%</b>	<b>4.2%</b>	<b>7.8%</b>

Source: Information & eGovernment Authority

As for the sector contributions to GDP in Q1 2022, the Financial Services sector surpassed the Oil and Natural Gas sector contributing 17.4% to GDP, whereas the Oil and Gas sector recorded a 16.2% contribution. This was followed by Manufacturing sector at 14.2% and Government Services at 13.2%.

### Real GDP Breakdown by Sector – Q1 2022



Source: Information & eGovernment Authority

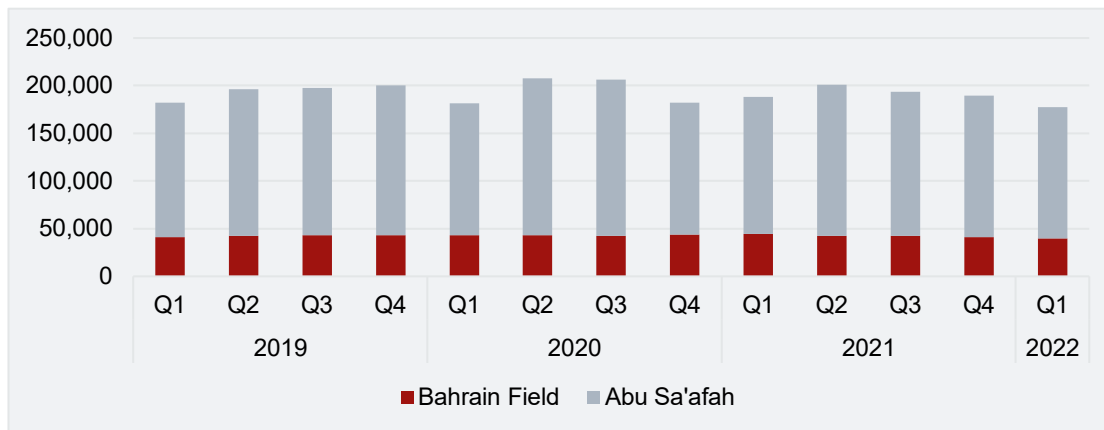
## Oil Sector

The Oil sector witnessed a real GDP decline of 4.7% YoY during Q1 2022, as a result of the lower crude oil production in the Abu Sa'afah field by 5.7% due to seasonal maintenance. Notable growth was seen in nominal terms with an increase of 42.2%, supported by the recovery of global crude oil prices, which have averaged at USD 97.93 in Q1 2022 compared to USD 60.73 in Q1 2021.

Average oil production from Abu Sa'afah field amounted to 137,625, down by 4.6% YoY and 9.2% QoQ, whereas production from the onshore Bahrain field averaged at 40,130 bpd, a drop of 9.2% YoY and 4.5% QoQ. Production of natural and associated gas amounted to 210,657mn cubic feet, recording a YoY decrease of 0.3%, and a 6.8% QoQ decline, while about 36.9% of the total gas was reinjected into the oil sector.

In terms of the strategic projects, the Bahrain Oil Refinery (Bapco) modernization program (BMP) reached a completion rate of 82.8% by the end of April 2022. The program aims to increase the refinery's production capacity from 267,000 bpd to 380,000 bpd, in addition to enhancing the quantity and variety of products with an increased profit margin. Overall product yield expected to be significantly enhanced with high value diesel and Jet Fuel is expected to almost double post BMP implementation.

### Crude Oil Production (bpd)



Source: Ministry of Oil & Environment



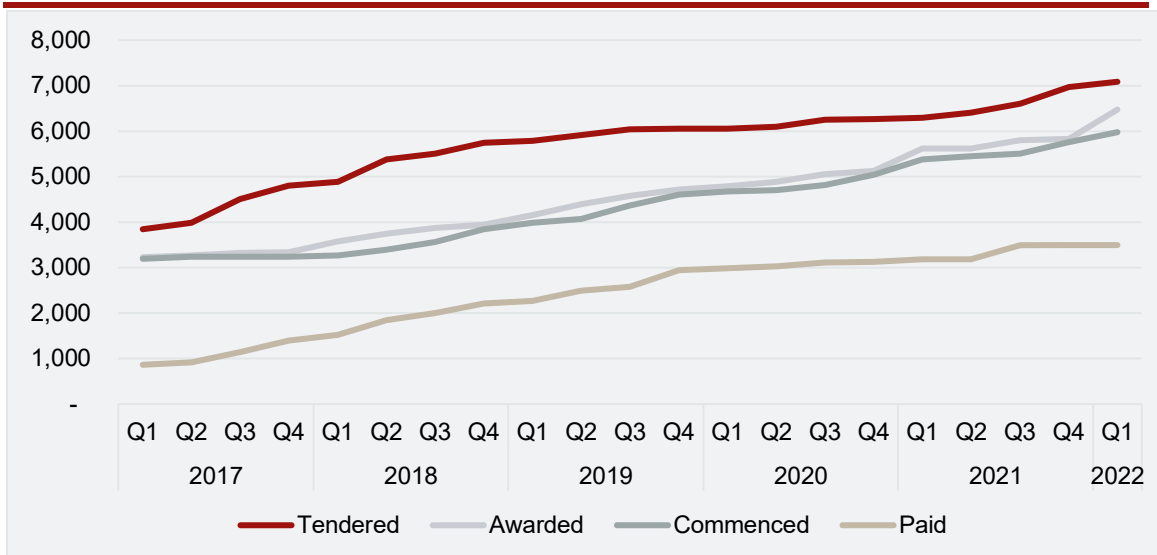
## Infrastructure Projects

Infrastructure projects contribute to creating an environment that supports economic development and encourages investments. The GCC Development Fund, estimated at USD7.5bn and supported by the Kingdom of Saudi Arabia, the United Arab Emirates and Kuwait, plays a major role in financing and implementing many vital projects in various sectors in the Kingdom.

Major development projects financed by the GCC Development Fund progressed during Q1 2022, with projects awarded amounting to USD 0.2bn, bringing the total value of awarded projects to date to approximately USD 6.01bn, an increase of 3.0% compared to the end of Q4 2021.

Several contracts were awarded in Q1 2022, the first of which were for water transmission network projects for housing developments in the Southern Governorate, East Hidd City, and Salman City. Another contract was awarded for the construction of electricity and water transmission stations for the Ramli housing project, and a contract for the infrastructure development of the housing project in Qalali and Wadi Al-Sail, and finally a contract for the construction of 520 residential apartments in East Hidd city.

### GCC Development Fund Activity (USD million, cumulative totals)



Source: Ministry of Finance and National Economy

In addition to the GCC Development Fund projects, local developments have also taken place:

- ◆ The Ministry of Works, Municipalities Affairs and Urban Planning has received bids for consultancy services on designing the Sports City project in Sakhir, which is set to include the largest sports stadium in the Kingdom of Bahrain and a multi-facility sports complex. Phase 1 (1A) includes the completion of detailed designs and infrastructure development. The Sports City project is one of the projects within the list of Major Strategic Projects worth over USD 30bn.
- ◆ The Ministry of Works, Municipalities and Urban Planning has received bids for engineering consultancy services for the feasibility study of the Northern Link road, which will be linked to the King Hamad Causeway. It is expected that the road will be 15km in length with 6 to 8 lanes and will potentially be in line with the light rail system. The project will be developed as a public-private partnership and is expected to drive new investments along the Northern shore of the island.

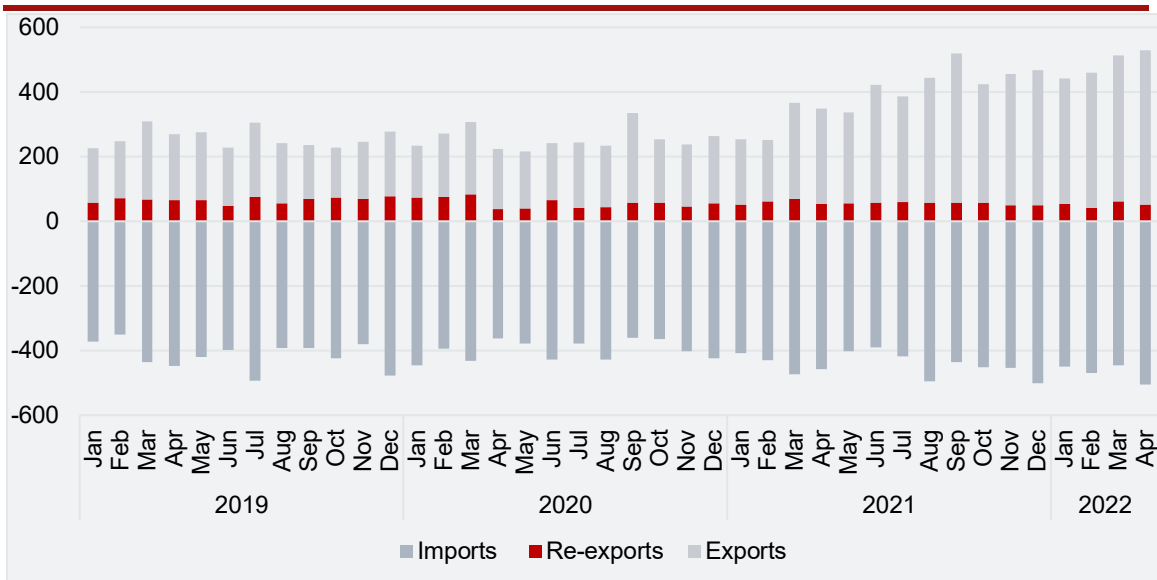
- ◆ Alba signed a memorandum of understanding with Japanese Mitsubishi Heavy Industries EMEA Ltd., a subsidiary of the Mitsubishi Heavy Industries Group, aimed at reducing Alba's carbon footprint. This will be done through conducting a feasibility study regarding the use of technology to extract carbon dioxide with the goal of reducing emissions at Alba's smelter and the decarbonization of its operations.
- ◆ The Higher Urban Planning Committee has approved the general masterplan for the 1.3mn sqm Belaj Al Jazayer mixed-use project developed by Edamah. The masterplan includes the construction of several hotels, entertainment and leisure facilities, restaurants, as well as retail and residential components. The project also includes a 3-km beach.
- ◆ The foundation stone for the Express Cargo Village has been laid at the Bahrain International Airport. The Express Cargo Village will include buildings dedicated to serving each cargo operator in line with the highest international standards by accelerating the process of linking operations at BIA with those of Khalifa bin Salman Port and streamlining land transportation procedures, to make the Kingdom a preferred destination for cargo and e-commerce. The project will promote the growth of the logistics sector in the Kingdom and enhance its regional competitiveness.
- ◆ In March 2022, an initiative by the Agriculture and Marine Resources which aims to launch 100,000 locally farmed fish at the National Aquaculture Center in Ras Hayyan has been inaugurated.

## International Trade

The World Trade Organization revised down its forecast for world trade growth in 2022 to 2.4-3% from 4.7% forecasted in October 2021, due to the ongoing conflict between Russia and Ukraine. However, Bahrain's foreign trade continued to grow at a brisk pace along with a steady increase in the trade balance during Q1 2022. The trade balance of non-oil trade recorded an improvement, as the trade gap decreased significantly by 111.5% from BD 442.2mn in Q1 2021 to BD 50.8mn in Q1 2022. During March 2022, the trade balance surplus amounted to BD 67.6mn compared to a deficit of BD 108.3mn in March 2021.











Bahrain's non-oil exports totaled BD 1.41bn in Q1 2022, recording an increase of 62.6% YoY. Bahraini exports of national origins also grew YoY by 83.4% totaling BD 1.25bn. Non-oil imports totaled BD1.36bn, representing a YoY growth of 3.9%.

### Non-oil Trade (BD million)



Source: Information & eGovernment Authority (preliminary data sources have been attained from Customs Affairs)

The following are the Kingdom's key trading partners in Q1 2022:

Exports			Imports		
% of Total	Country		% of Total	Country	
17.3%	Kingdom of Saudi Arabia		15.7%	China	
16.5%	United States of America		9.5%	Brasil	
7.4%	Italy		8.7%	Australia	
7.3%	Netherlands		8.1%	United Arab Emirates	
7.0%	United Arab Emirates		6.4%	India	

## *Balance of Payments*

The Balance of Payments data issued by the Central Bank of Bahrain showed a remarkable improvement in Q1 2022. Current account increased by 613% YoY, recording a surplus of BD 0.56bn during Q1 2022, compared to a deficit of BD 0.11bn in Q1 2021. This is attributed to the growth of total exports by 66.3% YoY reaching a value of BD2.79bn, with oil exports valued at BD 1.37bn and non-oil exports valued at BD 1.41bn, an increase of 70.3% and 62.6% respectively. The value of oil imports witnessed YoY increase of 107.6% to BD 0.75bn. As for the non-oil imports, it was recorded at BD 1.23bn, an increase of 3.9%. The value of workers' remittance abroad rose by 12.4% YoY, reaching BD 0.24bn in Q1 2022, while it decreased by 1.2% QoQ.

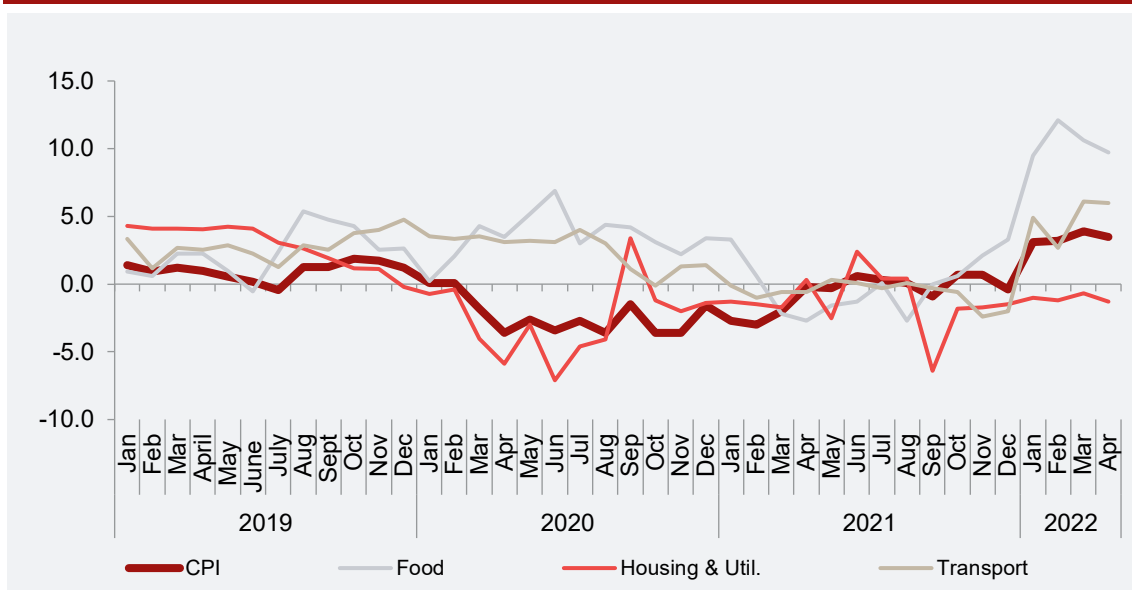
## Inflation

In line with the regional and global trend, the Kingdom saw a sharp increase in the prices of agricultural and industrial commodities as well as energy materials in the opening months of 2022. In January 2022, Consumer Price Index increased by 3.1%, and continued to increase to 3.9% in March, averaging 3.4% YoY in Q1 2022.

The “Restaurants and Hotels” group witnessed the highest price increase in Q1 2022 compared to Q1 2021, at 12.9%. This is largely due to the recovery of the sector and increase in demand for hotel services. The “Food and non-Alcoholic Beverages” group saw the second highest inflation, at a YoY increase of 10.7%, due to increased demand for basic foodstuffs, especially fish and seafood which rose by 25.4%, and price of oils by 23.8%. “Transportation” group costs have shown some volatility, rising by an average of 4.6% during Q1 2022. “Telecommunications” and “Furniture and House Appliances” groups witnessed an increase of 3.8% and 2.8% respectively.

On the other hand, the prices of “Rent, Water, Electricity, Gas and Other Fuel Prices” and “Culture and Entertainment” groups declined by 1%, respectively.

### Consumer Price Inflation (%) YoY

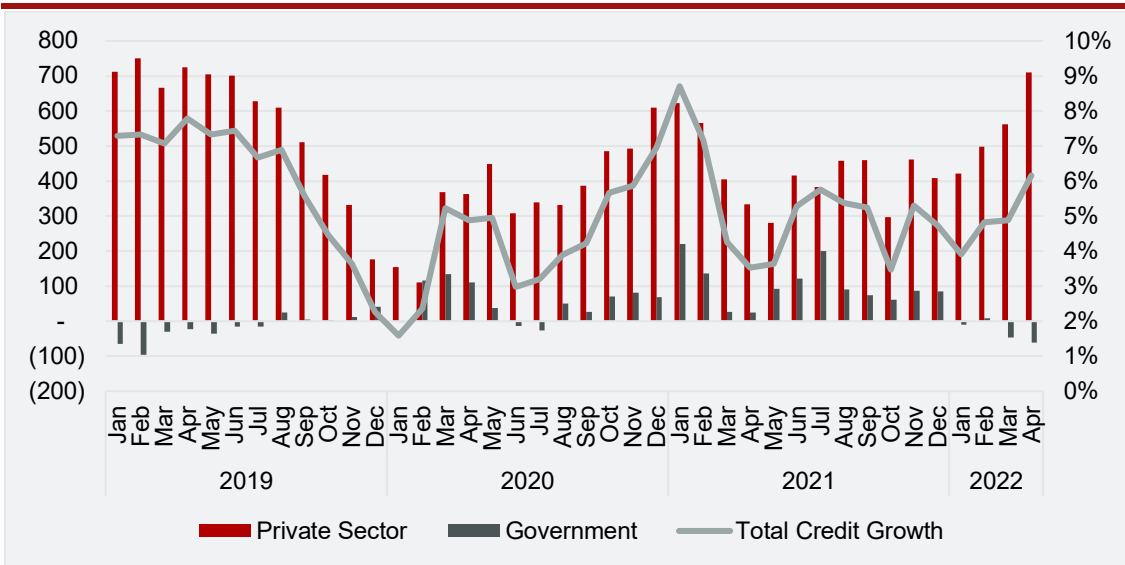


Source: Information & eGovernment Authority

### Bank Credit and Deposits

The total portfolio of outstanding loans issued by local retail banks narrowly exceeded BD11.1bn by the end of Q1 2022. Bank credit growth held relatively steady in Q1 2022, returning to an annual pace of 4.9% after a temporary dip around the turn of the year, at 1.5% QoQ. The changed liquidity situation in a higher oil price environment looks likely to accelerate the growth rate further. Corporate credit accounted for 46.2% of the total portfolio, having declined by 3.3% over 2021, partly in reflection of the lingering uncertainties associated with the pandemic. Personal credit, which made up 50% of total bank lending in Q1 2022 at a total value of BD 5.5bn, grew by 15.4% YoY.

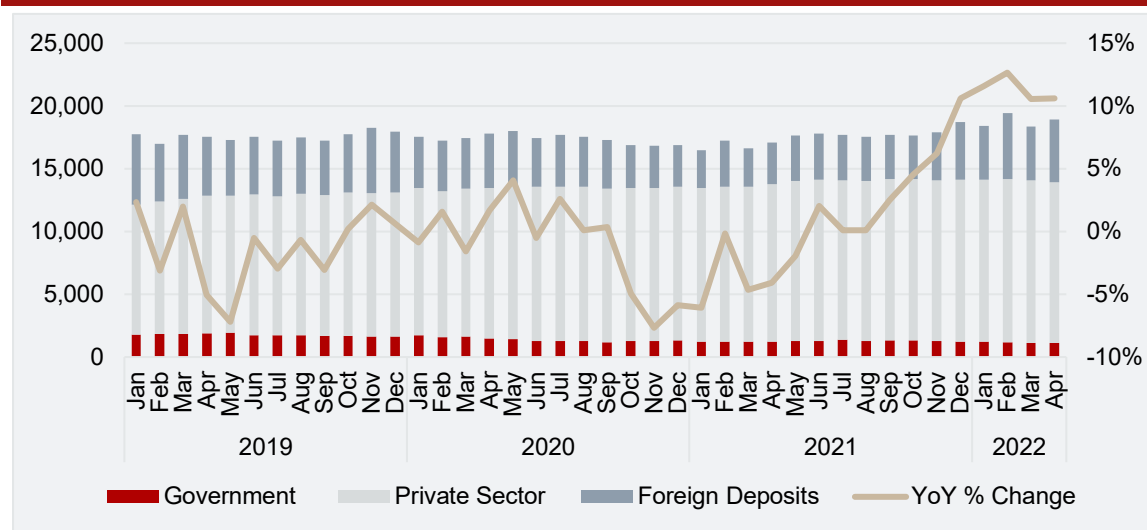
#### YoY Growth in Credit Issued by Retail Banks (BD million)



Source: Central Bank of Bahrain

Bank deposits by non-bank entities, witnessed remarkable improvement of 10.5% YoY, reaching a value of BD18.37bn. This comes as a result of the increase in non-bank deposits in foreign currencies by 25.3%, compared to Q1 2021, while local currency deposits (Bahraini Dinar) achieved a YoY growth rate of 2.9%.

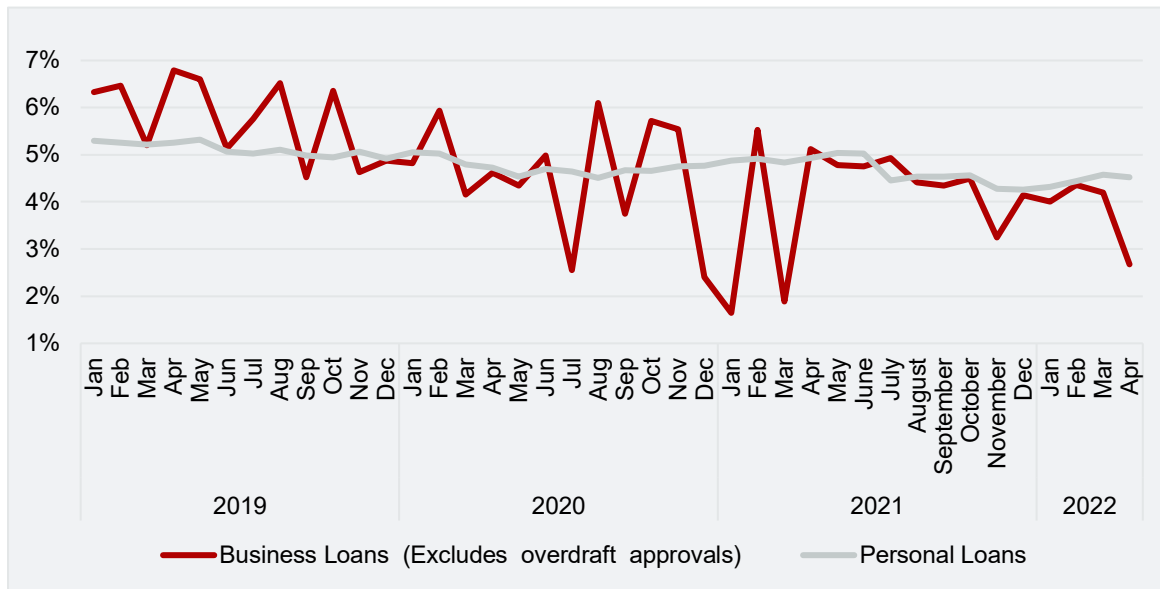
#### Deposit Liabilities to Non-banks (BD million)



Source: Central Bank of Bahrain

The average interest rate on commercial loans stabilized at 4.2% in March 2022, an increase of 122.2% compared to 2021. Contrastingly, the average interest rate on personal loans-excluding credit cards- decreased by 5.2% YoY to reach 4.6% in March 2022.

**Average Rate of Interest on Credit Facilities - Conventional Retail Banks**

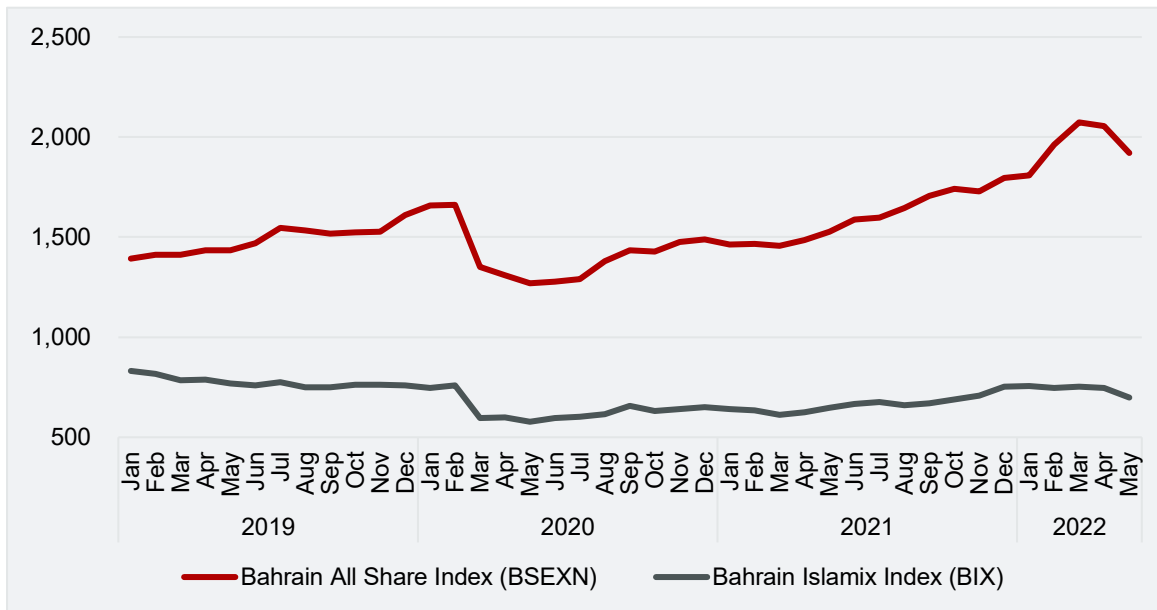


Source: Central Bank of Bahrain

## Financial Markets

The equity market began the year with strong growth due to the favorable oil price environment and the steady post-pandemic rebound of the economy. The Bahrain All Share Index closed Q1 2022 with a reading of 2,073.54, which marked a 42.2% YoY increase. The total market capitalization reached BD12.5bn compared to BD9.1 bn Q1 2021, marking a YoY increase of 37.5%.

### Bahrain All Share Index and Bahrain Islamic Index



Source: Bahrain Bourse

The Central Bank of Bahrain announced Issuance No. 27 of the Government Development Bonds issued by the Central Bank of Bahrain on behalf of the Government of the Kingdom of Bahrain. The issue amount is BD 200mn for a maturity period of two years, starting on October 14, 2021 to October 14, 2023. The interest rate for this bond is 2.75%, bearing in mind that the issue was oversubscribed by 247%.



### Short-term Bond and Sukuk Issues Arranged by the Central Bank of Bahrain

Issue date	Issue	Value, BDmn	Maturity Days	Average Interest/ Profit Rate (%)	Avg Price (%)	Over-subscription (%)
5-Jan-22	Treasury Bills No. 1894	70	91	1.39	99.651	229
6-Jan-22	Sukuk Al Ijarah No. 197	26	182	1.65	-	628
12-Jan-22	Sukuk Al Salam No. 249	43	91	1.39	-	189
19-Jan-22	Treasury Bills No. 1895	70	91	1.35	99.660	200
20-Jan-22	Treasury Bills No. 89	100	365	1.77	98.242	164
26-Jan-22	Treasury Bills No. 1896	70	91	1.33	99.665	185
30-Jan-22	Treasury Bills No. 1897	35	182	1.52	99.236	233
2-Feb-22	Treasury Bills No. 1898	70	91	1.31	99.670	116
3-Feb-22	Sukuk Al Ijarah No. 198	26	182	1.52	-	393
9-Feb-22	Treasury Bills No. 1899	70	91	1.35	99.660	114
16-Feb-22	Sukuk Al Salam No. 250	43	91	1.35	-	158
23-Feb-22	Treasury Bills No. 1900	70	91	1.47	99.629	114
24-Feb-22	Treasury Bills No. 90	100	365	2.28	97.749	101
27-Feb-22	Treasury Bills No. 1901	35	182	1.96	99.021	100
2-Mar-22	Treasury Bills No. 1902	70	91	1.61	99.595	110
9-Mar-22	Treasury Bills No. 1903	70	91	1.60	99.597	200
10-Mar-22	Sukuk Al Ijarah No.199	26	182	1.96	-	366
16-Mar-22	Sukuk Al Salam No. 251	43	91	1.60	-	180
17-Mar-22	Development Bond No. 28	150	1,095	4.20	-	289
23-Mar-22	Treasury Bills No. 1904	70	91	1.60	99.598	225
24-Mar-22	Treasury Bills No. 91	100	365	2.79	97.252	100
27-Mar-22	Treasury Bills No. 1905	35	182	2.34	98.833	120
30-Mar-22	Treasury Bills No. 1906	70	91	1.99	99.499	127

Source: Central Bank of Bahrain

The number of Point of Sale and e-commerce transactions reached BD 37.9mn in Q1 2022, an increase of 41.4% YoY. These transactions are valued at BD 904.2mn, representing a 30.5% YoY increase. In terms of Fawri transactions, the number has doubled by 16.1% annually, bringing the total number of transactions to 2.7 million, with an increase in value by 20.1% YoY reaching BD 4.4bn.

## Labour Market

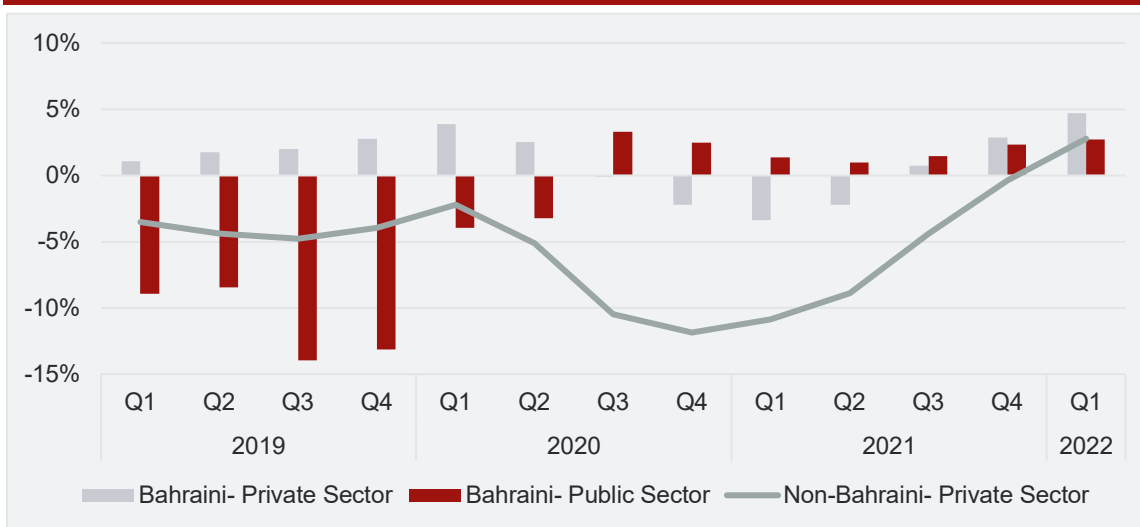
The labor market is amidst a strong, broad-based recovery. All segments of the market – Bahraini and non-Bahraini employment in the public and private sectors – are registering YoY growth.

The Social Insurance Organization reported an increase in the number of total Bahraini workers by 1.2% QoQ, reaching 147,579 workers in Q1 2022. This is supported by a 1.5% increase QoQ in the private sector, reaching a total of 98,428 Bahraini employees. The average monthly salary in the private sector stood at BD 779 in Q1 2022 and recorded a QoQ growth of 2.9%.

Bahrain's public sector employment continued to grow at 0.5% QoQ amounting to a total of 49,151 workers with the monthly salary decreasing by 0.1% QoQ and rising by 5% YoY, which averaged a total of BD 866. The number of non-Bahraini employees amounted to 435,443 workers, achieving a growth of 3.8% QoQ. The average monthly wage increased by 0.4% to an average of BD 264.

The National Employment Program 2.0 (NEP) continues to create quality job opportunities for Bahrainis which is one of the objectives of the Economic Recovery Plan. To date, more than 10,000 Bahrainis have been employed as part of the NEP, constituting 50% of the annual target of 20,000.

### YoY Changes in Employment by Labour Market Segment (%)



Source: Social Insurance Organization

## International Rankings

- The Kingdom of Bahrain has for a second year running held its position as the happiest country in the Arab world in the **World Happiness Report 2022** published by the UN Sustainable Development Solutions Network. Bahrain improved its rank in the report by one position to 21st out of 146 countries. The World Happiness Report ranks countries based on the perception of happiness by citizens and is primarily based on the Gallup World Poll. The report also marked a 4-spot improvement in the Freedom to Make Life Choices variable which has ranked Bahrain 12th globally.
- According to the **World Investment Report 2022** published by United Nations Conference on Trade and Development, global Foreign Direct Investment (FDI) inflows saw a rebound of 64% in 2021 from the pandemic-induced slump in 2020. Similarly, Bahrain's FDI inflows increased by 73% in 2021, above global levels, reaching USD1,766 million compared to USD1,021mn in 2020. As such, Inward FDI stocks stood at USD33,471mn in 2021, comprising 86.1% of nominal GDP, the highest share in the GCC.
- For the first time, the Kingdom of Bahrain was assessed in the **World Competitiveness Yearbook 2022** published annually by the IMD World Competitiveness Center. The report ranks countries on how they manage their resources to achieve growth and prosperity. Bahrain took the 30th position out of 63 countries ranked. It came in the 1st position globally in seven indicators including Inflation, Corporate Tax Rate, and Homicide. Additionally, Bahrain ranked in the top 10 globally in 56 indicators including Women in Management, Skilled Labor, and Social Cohesion.
- **The Travel and Tourism Development Index 2021** ranked Bahrain 57th globally out of 117 countries. Published by the World Economic Forum, the index measures the factors and policies that enable the development of the Travel and Tourism sector. The Kingdom of Bahrain ranked 12th globally in the Business Environment pillar improving by 8 spots from previous rankings. Bahrain was ranked 1st globally in financial openness, low levels of organized violence, 3G Mobile Network Coverage, and concentration of Interest in Nature Attractions. Regionally, Bahrain is 1st in the Arab world in Ground and Port Infrastructure.
- In the **Environmental Performance Index 2022** published by Yale University and Columbia University, Bahrain ranked 1st out of 180 countries in the Ecosystem Services pillar. The index assesses 180 countries on climate change performance, environmental health, and ecosystem vitality.
- The Kingdom of Bahrain improved 2 spots in the **Startup Ecosystem Index 2022** published by StartupBlink to achieve the 64th position out of 100 countries. Bahrain's MENA rank also improved to 3rd in the region whilst its GCC rank was maintained at 2nd. The index benchmarks startup ecosystems and business environments across 1,000 cities and 100 countries. Manama has been ranked 329th improving by 8 spots earning it the 10th position in the MENA region.
- Bahrain ranked 6th of 81 countries in the **State of the Global Islamic Economy Report 2022** published by DinarStandard and Salaam Gateway which covers 81 countries that can best support the development of Islamic economy business activity relative to their size. The Kingdom displayed a noteworthy performance in the Islamic Finance indicator ranking Bahrain at 3rd globally.
- The **Container Port Performance Index 2021**, published by the World Bank and S&P Global Market Intelligences ranks 370 ports worldwide based on the time

vessels need to spend in a specific port to complete workloads. The index ranked Bahrain's Khalifa Bin Salman port on an administrative approach 62nd marking a 100-spot improvement.

## Glossary

Term	Explanation
<b>Real Growth Rate</b>	The growth rate of a nation's Gross Domestic product (GDP) adjusted for the effects of price inflation.
<b>Nominal Growth Rate</b>	The growth rate of a nation's Gross Domestic Product (GDP) evaluated at current market prices.
<b>Gross Domestic Product</b>	An aggregate measure of production (all finished goods and services produced), which equal to the sum of the gross values added of all resident institutional units engaged in production (plus any taxes, and minus any subsidies) within a country's borders in a specific time period, in this bulletin for instance it is a three months period
<b>Crude Petroleum and Natural Gas</b>	Comprises of crude oil extracted as well as extraction of natural and associated gas.
<b>Financial</b>	Comprises units primarily engaged in financial transactions, i.e. transactions involving the creation, liquidation or change of ownership of financial assets. Also included are insurance and pension funding and activities facilitating financial transactions, and others.
<b>Manufacturing</b>	Comprises units engaged in the physical or chemical transformation of materials, substances, or components into new products, such as plants, factories or mills, etc Examples of manufacturing sector activities: Manufacturing of food and beverages, tobacco products. Manufacturing of textiles, wood and paper products, refined petroleum products, chemicals, furniture, etc.
<b>Government</b>	Comprises of all ministries and authorities in the state budget and other attached and independent bodies as per the consolidated final accounts, such as those entities involved in security, education, culture, development and other entities that provide collective services.
<b>Transport and Communications</b>	Transport sector comprises activities related to providing passenger or freight transport, whether scheduled or not, by pipeline, road, water or air. As well as, postal activities, storage and telecommunication, etc
<b>Construction</b>	Comprises general construction -residential and non-residential buildings and roads- and special trade construction for buildings and civil engineering, building installation and building completion. It includes new work, repair, additions and alterations, and also construction of a temporary nature.
<b>Social and Personal Services</b>	Comprises services provided by businesses and government units to individuals, other businesses or the community as a whole, such as private health and education services, others such as sports and entertainment activities, repairing of computers and households' equipment, etc.
<b>Real Estate and Business Activities</b>	Comprises real estate activities such as purchase or lease, that are mainly linked to the business sector. However, more or less all activities covered in this section can also be

	provided to private households, for example, renting of personal and household goods, database activities, legal activities, accounting or auditing services, interior decoration and photographic activities, etc.
<b>Trade</b>	Comprises wholesale and retail sale (sale without transformation) of any type of goods, and rendering services incidental to the sale of merchandise.
<b>Hotels and Restaurants</b>	Comprises units providing customers with short-term lodging and/or preparing meals, snacks, and beverages for immediate consumption.

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