

Remarks by H.E. Mr. Piyush Srivastava,
Ambassador of India to the Kingdom of Bahrain
at the Webinar on ‘Enhancing India-GCC Relations: Prospects in
Project Exports and Beyond’
organised by the EXIM Bank of India

(October 06, 2020)

Shri David Rasquinha, Managing Director, EXIM Bank;

My colleagues

Shri Munu Mahawar, Ambassador in Oman ;

Shri Deepak Mittal, Ambassador in Qatar;

And senior officials from Indian Embassies in other GCC countries;

Distinguished guests and panellists ;

Representatives of Indian companies;

Ladies and Gentlemen !

1. At the outset, I would like to thank EXIM Bank for organising this very timely webinar on ‘Enhancing India-GCC Relations: Prospects in Project Exports and Beyond’. In this context, we welcome the release of electronic version of EXIM Bank working paper ‘India’s Bilateral Relations with the GCC countries: Trends in Trade, Migration and Remittances’ which would be very useful document for all of us and we look forward to receiving a copy of the same.

2. Gulf countries are significant trade partner of India in view of the trade openness, proximity to India, the presence of huge Indian diaspora and the size of economies. India’s trade with GCC countries in the last few years was in the range of **15 – 16% of its total trade**; which is more than 13% share of European Union and 11% share of ASEAN region in India’s total trade figures.

3. **Talking about Bahrain**, India and Bahrain have deep-rooted civilisational ties and multi-faceted bilateral cooperation. Our trade linkages go back centuries. Indians form the largest expatriate population in Bahrain; 3.5 lakh out of a total population of 16 lakh and engaged in all the strata of the society/economy, i.e. labour / domestic employees, professionals as bankers/ CA / doctors / engineer, and businessmen.

4. India is one of the main trading partners of Bahrain with bilateral trade at approximately US\$ 1 bn in the last few years. Bahrain recognises the importance and potential of growing Indian economy and its Look East policy in recent times has India as a major pivot. It is keen to diversify its relations with India seeking greater economic engagement.

5. **In spite of the small size of Bahrain's economy, our bilateral trade and investment ties have been impressive.** Over 3000 companies are registered in Bahrain with Indian partnership. India's total capital investment into Bahrain is estimated at \$1.7 billion with financial services accounting for the highest investment value (40%), followed by real estate and hospitality sector.

6. Similarly, over past 6 years or so, cumulative FDI inflows from Bahrain into India have registered marked increase. This now stands at US\$ 180 million in 2019 making Bahrain the 4th largest investor from GCC after UAE, Saudi Arabia and Oman. Investments are primarily in sectors such as IT, healthcare, pharmaceutical, real estate and construction. With the opening up of asset management company in India with US\$ 500 million corpus, Invest corp has opened the opportunity for increasing portfolio investment from Bahrain into India.

7. **However, a lot of potential still exists for enhancing bilateral trade, commerce and investment.** The Economic Vision 2030 of Bahrain aims at diversifying economy by focussing on sectors such as technology, health and manufacturing among others. The economy got a boost with a new discovery of reserves of more than 80 bn barrels of tight oil and 10-20 trillion cb.ft. of tight gas in the offshore coast of Bahrain recently which has also provided opportunity for further trade and investment for our companies in this sector.

8. I would like to mention some of the potential sectors which could be of interest to our business community:

(i) **Services sector** with a focus on IT & financial services has emerged as the focus area for Bahrain. India has a strong IT sector and Bahrain Government is looking forward to promoting technological and digital innovations across sectors and therefore, there is potential for collaboration both at government and industry level.

(ii) **Health Sector:** This is another potential area, particularly in pharmaceutical and medical equipment market including Corona Virus Vaccine as Bahrain is fully dependent on import for its requirement. There also exists a market for alternative medicine in Bahrain with the presence of 3 Ayurveda health clinics here. Some of the successful recent collaborations in Health sector include : a) **Bahrain Specialist Hospital collaborated with Apollo** to open the BSH Apollo Heart Centre. b) A large **investment of US\$ 45 million has been made by Investcorp – a Bahrain based global investment company - in Nephroplus, which is India's largest network of dialysis centres.**

(iii) **Renewable / solar energy** in form of solar power plants, solar panels, wind power projects.

(iv) **Education sector**

(v) **Large Infrastructure projects** : Bahrain Government has welcomed fully private-funded or PPP projects. An Indian company is implementing a large sewage treatment project in Bahrain. EXIM Bank has supported the company in this regard.

(vi) **The strategic sectors of defence and space.**

9. With Bahrain looking forward to establish itself as the **hub of fintech for Middle East & North African (MENA) region**, project services for digital and mobile technology, blockchain service and other such technologies could be another potential area of investment. According to Bahrain's Economic Development Board's report, in the first half of 2019 alone, eight new projects in Bahrain's ICT sector were started by Indian companies – more than any other country – bringing investments worth more than US\$3 million. In addition, Bahrain and the State Governments of Kerala and Maharashtra have signed MOUs to explore synergies in the fintech sector by sharing innovation, technology and expertise.

10. We have necessary tools to encourage deeper trade and investment which needs to be further invigorated. The sovereign fund of Bahrain-Mumtalakat and National Investment & Infrastructure Fund (NIIF) of India are in discussions to explore ways of further enhancing Bahraini investment in India. FICCI and Bahrain Chamber of Commerce and Industry (BCCI) have signed an MoU and established Bahrain-India Business Council. Bahrain also has FTA with US. Our businesses could also look at using this opportunity as well.

11. The above sectors offer opportunities for execution of projects by Indian companies. Invariably participation in bids for execution of projects also require submission of an additional envelope for financing arrangement. The **EXIM Bank Buyers Credit Scheme** could play an important role in supporting project exports. A review of the existing arrangements to make it more competitive would help tap existing and upcoming potential for projects exports to Bahrain.

12. In conclusion, I would like to reiterate that despite its small market, Bahrain has reengineered its fiscal model. A welcoming and tolerant society, coupled with favourable regulatory environment, highly competitive taxation system, greater willingness to embrace PPP model, as well as its strategic location as gateway to GCC economy offer opportunities for greater economic engagement with Bahrain, particularly in the sector mentioned above.

Thank You!