

With its proximity to Saudi

Arabia and Qatar — both are just

a one and a half hours drive or

grew by 7 percent last year.

Minister Sheikh Khalifa bin

Salman al-Khalifa, now is the

time to deepen the relationship

with Japan, Bahrain's second-

largest trading partner after the

U.S., and a country with which

bilateral trade already represents

over \$1 billion. "Bahrain and

Japan are currently cooperating

on several large projects across

many sectors. The importance of

this is not just capital investment,

butalsoJapanesetechnologyand



GLOBAL INSIGHT



A free island economy at the heart of the Arabian Gulf

Finance capital

Having used its oil wealth to diversify the economy, the Kingdom of Bahrain has developed a modern infrastructure and is the most open economy in the Gulf. The government offers excellent incentives to companies looking to reach out to other markets in the region.



Rasheed al-Marai. Governor **Central Bank**

including Shamil Bank, one of and services," says Lee.

Bahrain's leading commercial The group's traditional banks. "Shamil is involved in banking arm, Ithmaar Bank, the retail and corporate market, focuses on investment banking, and also has business internaprivate equity funds, individual transactions and capital markets, tionally," Michael Lee, CEO and member of the board of Ithmaar and carries out all of the group's Bank, explains. "We also own institutional business. "Ithmaar Faisal, a private bank licensed by is a wholesale bank, and estabthe Swiss Banking Commission, lishing and managing private which provides Islamic financial equity funds is an important services to high net worth indicore business strategy for us. viduals and families. Faysal, one The geographical reach is not of the leading Pakistan banks, only regional but also global. Our is also one of our subsidiaries, as industry focus is on investment is Solidarity, a global company banking, as well as mergers and that focuses on sharia-compliant acquisitions, thus we have a team leasing services." that can assist clients with inno-The Ithmaar Development Company is another affiliate

viding Islamic banking products

vative solutions. We are looking at clusters of expertise that are and already involved in projects important for the MENASA worth billions of dollars. "We are (Middle East, North Africa and a very diversified group, and the South Asia) region. most diversified in terms of pro-

The bank's sector interests lie in oil and gas, aluminum, and



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more recently real estate, which has been showing exponential important, and private health care. Transportation, in the form of ports, airports or roads, is also important, as it involves leasing. The bank is also interested in



know-how, which strengthens ties still further," says Sheikh bin Salman al-Khalifa.

flight away — Bahrain has been As the Middle East's undisa firm favorite for investors for puted financial center, Bahrain 40 years. The first Gulf state to is home to more than 400 licensed financial institutions. It has one discover oil, Bahrain has successfully developed the finance, of the best regulated systems tourism and real estate sectors to in the world, and contributes keep its economy buoyant, and 27.6 percent to the economy. In 2006, banking assets rose by 33.5 For His Highness Prime percent.

As minister of finance and economy, Sheikh Ahmad bin al-Khalifa, notes, "There has been a very positive contribution from Japanese financial institutions in Bahrain, and there is huge growth potential in mutual funds, fund administration, project finance, private banking and asset management. We are also major pioneers of Islamic finance, a sector that is now reaching the main centers of the

"Bahrain and "Bahrain has started to attract a lot of attention in this field and as Japan are a consequence, many more insticooperating on tutions want to be present here. We have done a lot of promotion several large inside and outside the region to projects across explain how the system works, many sectors." and given financial institutions worldwide the comfort of His Highness Sheikh Khalifa knowing that Islamic finance is bin Salman al-Khalifa, governed by very high regula-Prime Minister

tory standards. All Bahraini financial institutions have been successful, both locally and regionally. People feel and see their impact."

world and expanding."

Rasheed al-Maraj, governor

of the Central Bank, which has

created a license specifically for

investment businesses, expands

on the Islamic banking theme.

Ithmaar Banking Group is one such entity. It owns a range of Islamic financial institutions,

growth in the region in the past two years. Tourism and leisure activities have also become more





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telecoms and ICTs.

"As a company from the Middle East, we want to become the benchmark for investment banking globally," Lee says.

Lee sees many parallels between the Middle East and Japanese business cultures, where relationships are paramount and highly valued. "The Japanese have been present in the region for a substantial amount of time, not only in finance, but in industry, construction and automobiles," he says. "The oil boom has led to so many investment opportunities, and there will be high demand for top-quality equipment and services. The Japanese could support this development in a

financially beneficial way." The wealth of international banks present in Bahrain-such as Citibank, Merrill Lynch and Standard Chartered—allenjoya trusted regulatory environment, effective and transparent legislation, and the best resources in the region. Bahrain also has the largest number of Islamic institutions in the Middle East, and the sector is rising at an unprecedented rate.

Albaraka Banking Group now has a presence in 12 countries. Last year, it recorded a figure of \$201 million in total earnings, and has assets of \$10 billion. Growth strategies are now in place, derived from in-depth market knowledge in the retail, commercial and investment banking sectors.

For investors, Albaraka offers stability, experience, and an extensive network of branches



agreement with the U.S., open election and in 2006, was the first of the Gulf countries to elect a female MP to power.

The GCC's Canary Wharf

Kuwait is a premier regional

"There is high demand for top-quality equipment and services, which the Japanese can support."

Michael Lee, CEO and Member of the Board, Ithmaar Bank

financial services enterprise providing superior products and services of high quality through innovation, technology and lifelong customer relationships. Chairman Murad Ali Murad

throughout the Middle East and

North Africa regions. "We adapt

our business to the markets

in which we are present," says

president and chief executive

Adnan Ahmed Yousif. "We were,

for example, the first Islamic

bank in Sudan. We saw the need

to focus on agriculture, so it

became our niche market. This

flexibility is something that

makes us strong."

says: "The bank will continue to be actively involved in industrial, infrastructure and service projects, and is seeking alliances with other financial institutions to facilitate the funding of major products." Since His Royal Highness

King Sheikh Hamad bin Isa al-Khalifah came to power in 2002, Bahrain has made great strides in the international arena. The country has a free-trade



Omer Al Mardi,

MD

Such openness has caused many international citizens to want to live in Bahrain. Tempted also by a strategic location — the country is connected to Saudi Arabia by a 25-km causeway — plus a low/ no tax policy, expats working in

billion

Harbour

Bahrain

(BFH),

The Bank of Bahrain and both countries have been buying

up Bahrain real estate in droves. The move to build an integrated financial district that will provide a sophisticated business environment, leisure facilities and living accommodation effectively a new "financial city"

- has been warmly welcomed. The \$3 Financial launched last year, is spread over 380,000 sq. meters of prime seafront property on the Manama Corniche, and was conceived

with the dual aim of further enhancing the reputation of the Kingdom of Bahrain as the financial hub of the region, and addressing the key issue of con-

gestion in the current scattered financial district of the capital Manama.

The BFH model does not just ensure its financial sector tenants significant value through prime scenic waterfront property but also facilitates optimal business gains through its integrated cluster model and next-generation technologically advanced office environment.

Its technology blueprint has been designed to incorporate the four key areas of prime importance to tenants, namely: security systems, communication systems, building management systems and air-conditioning systems. Through these various innovative and cutting-edge systems, BFH will not just be able to optimally satisfy the complex infrastructure needs of its tenants but would also be able to position itself as one of the safest and friendliest facilities in the kingdom.

Omer Al Mardi, managing director, describes what makes BFH different. "As well as being developed into a diversified range of office, residential, retail, leisure and dining components that will cater to all needs of the financial sector, the BFH development comprises 10 projects that are further subdivided into 28 parcels, collectively offering over 820,000 sq. meters of space," he says. "The Financial Center consists of three components — the 53-story iconic centerpieces known as Harbour Towers, Harbour Mall and the Harbour House. Harbour Towers provides office and commercial

Algeria

Bahrain

Indonesia

Jordan

Lebanon

Pakistan

Tunisia

Turkey

South Africa Sudan Syria

Egypt

space for the financial services industry, while the Harbour Mall is designed to house exclusive, high-quality retail and fashion outlets, cafes, brokerage and trading firms, and retail banking

units."

Dexia

As

district.

BFH's clientele current includes a healthy mix of large sector and retail financial brands, including BNP Paribas, Bank, Dexia Asset Management, Gulf Finance House, Gulf One Investment Khaleeji Commercial Bank, Bank, The Islamic Bank of Asia, Signature Clubs International (Capital Club), Investate Realty, MENA Telecom, KFH, DHL, Aramex, Servcorp, the Jawad

"Bahrain

Financial

comprises 10

Omer Al Mardi

Managing Director, BFH

Harbour

projects."

Business Group and the Alshava Trading Co. W.L.L. further endorsement, the Bahrain Stock Exchange recently signed a tenancy agreement with the Financial Center Development Company to relocate its offices there. This signing, from one of the Middle East's oldest and most respected stock exchanges, means BFH has now truly emerged as a completely integrated financial

BFH is the first development "We are looking of its kind in the Middle East for partners to to uniquely combine business, help us expand leisure and residential components under one roof, and is comregionally." plemented by an attractive and evenhanded price valuation. It was declared "Best Commercial Development in Bahrain" for

Logistical hub

Bahrain's excellent transport infrastructure also makes it a popular base for logistics companies — DHL, Aramex, GAC Express and TNT are already present for example — and there are some exciting developments under way. A new causeway, due to open in 2012 will provide a direct road link to Qatar, and

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THE JAPAN TIMES SATURDAY, MAY 17, 2008 13

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Sheikh Khalifa bin Salman Port, anewdeep-waterharboropening later this year, will become a major transshipment hub.

The country's flagship airline, Gulf Air, will soon become even busier with the threephase expansion of Bahrain International Airport (BIA). Capt. Abdulrahman Moh'd Al Gaoud, undersecretary for civil aviation affairs, says: "Bahrain might be a small country, but the airport controls an airspace that is just a bit smaller than Spain. People respect Bahrain as a safe country of high standards, and to achieve this, many cogs must work together. BIA is extremely efficient - it currently takes passengers an average of 15 minutes $between\,getting\,off the\,plane\,and$ leaving the airport, which is very impressive. The most important

first and last impression visitors have when entering or leaving." In 2006, Bahrain attracted 4.5 million business and leisure visitors, showing its tremendous potential as a tourist destination. Manama is a cosmopolitan capital, the country has an attractive lifestyle, and hotel retreats have already sprung up on some of the surrounding atolls.

thing to us, apart from safety,

is to maintain an airport with a

friendly attitude, as this is the

As well as being rich in history and culture, Bahrain also plays host to the annual Formula Ahmed Al Noaimi, One Gulf Sir grand prix. The CEO, Alba Bahrain International Circuit (BIC), organizer of the Grand Prix, hosted 441 different events last year, and is doing much to raise Bahrain's profile as a corporate event and conference destination. Martin Whitakar, CEO, says: "The circuit is now a catalyst for developing awareness, not just for racing but for business in general, whether it is Bahrain Financial Harbour, Bahrain Bay, the World Trade

Center, or the residential developments on Amwaj Islands or Durrat Al Bahrain. The grand prix was watched by 500 million people around the world, which has really helped put Bahrain on the map. Meanwhile, the impact of BIC events on Bahrain's economy has been massive."

Alba is another Bahrain success story. Celebrating its 40th anniversary this year, Aluminium Bahrain B.S.C. (Alba) is the largest aluminum smelter in the world, with a current capacity of 870,000 tons a year, 45 percent of which goes to the domestic market. The company, which is 77 percent exports government-owned, mainly to the U.S., and would like to see sales to Japan rise.

Ahmed Al Noaimi, Alba's CEO says: "We are also looking for partners to help us expand regionally and perhaps into North Africa. We focus on growing in a sustainable way in the business, to maintain competitiveness and continue to work with the highest international standards."

Alba has earned international recognition for its environmentally friendly approach to business, and also its corporate social responsibility. "The management used to be 100 percent expat," Al Noaimi says, "Thanks to continuous training, however, we now have a workforce that is 90 percent made up of nationals." The possibility of an IPO is now under discussion.

To conclude, Takeshi Kondo, the Japanese ambassador to Bahrain, says: "Collaboration between our two countries goes back a long way. Bahrain was the first Gulf nation to export crude oil and the first export was destined for Japan. I am glad to see so many Japanese companies here. Our cooperation is very active and should definitely be widened in the future."

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