

# The Bahrain Economy

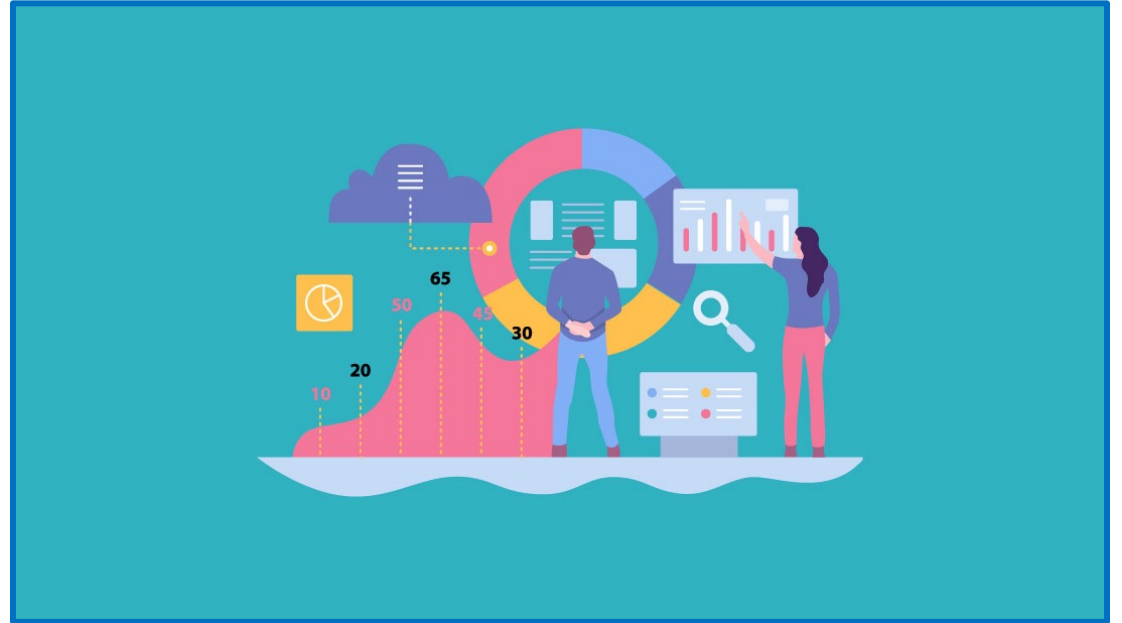


Middle East Institute

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# An overview of the Bahrain economy

- Geography and demography
- The size of the economy
- Economic growth
- Unemployment
- Trade balance
- Consumer price inflation



# An overview of the Bahrain economy

- Living standards
- Human development (see HDR)
- Energy
- Primary economic relations
- Fixed exchange rate
- Natural resources



# The economic strategy

- Economic vision 2030
- Government action plans
- Sustainable development goals

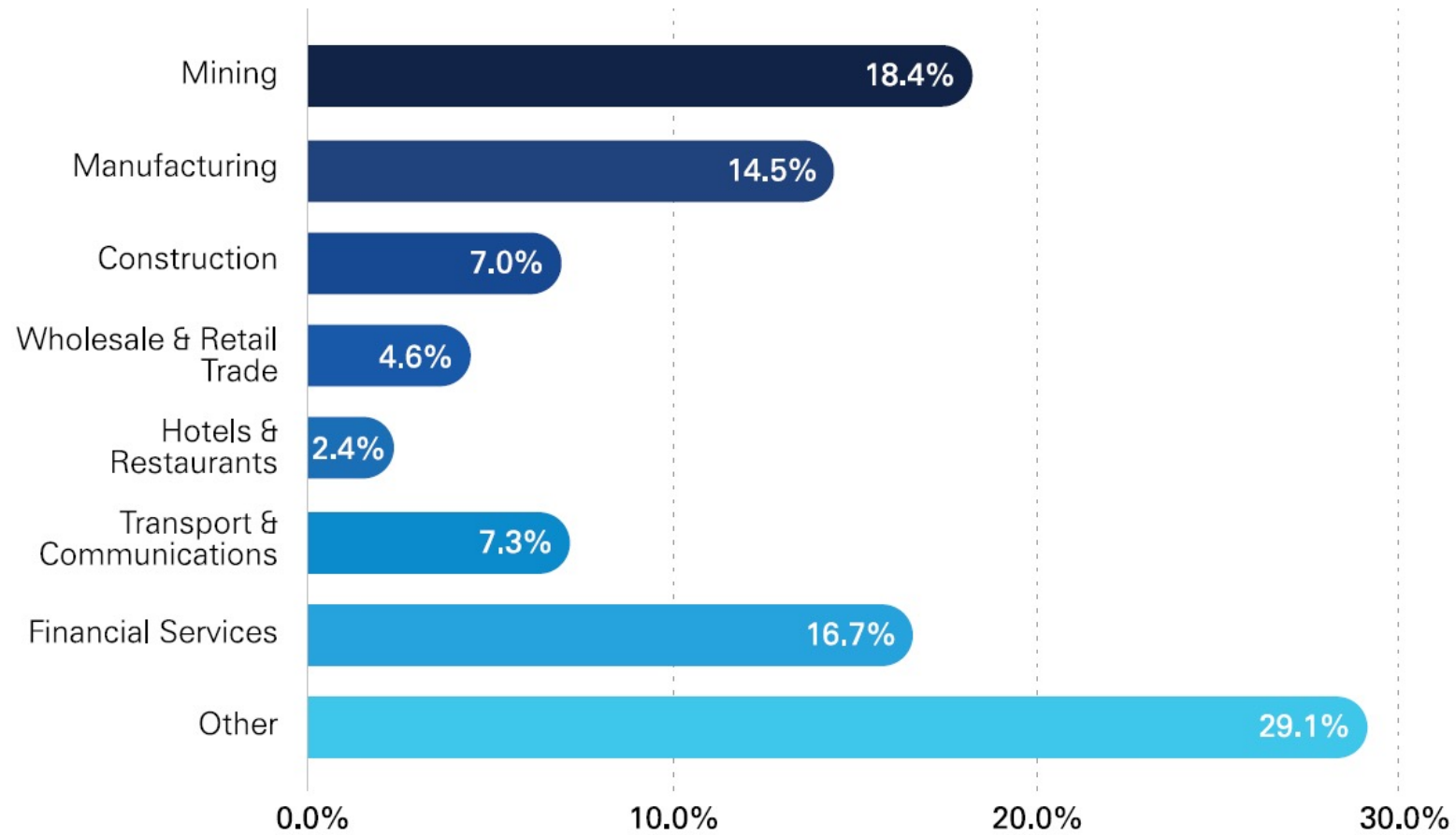


GOVERNMENT  
FORUM  
2016



حكومة مملكة البحرين  
Government of Bahrain

# Composition of the economy



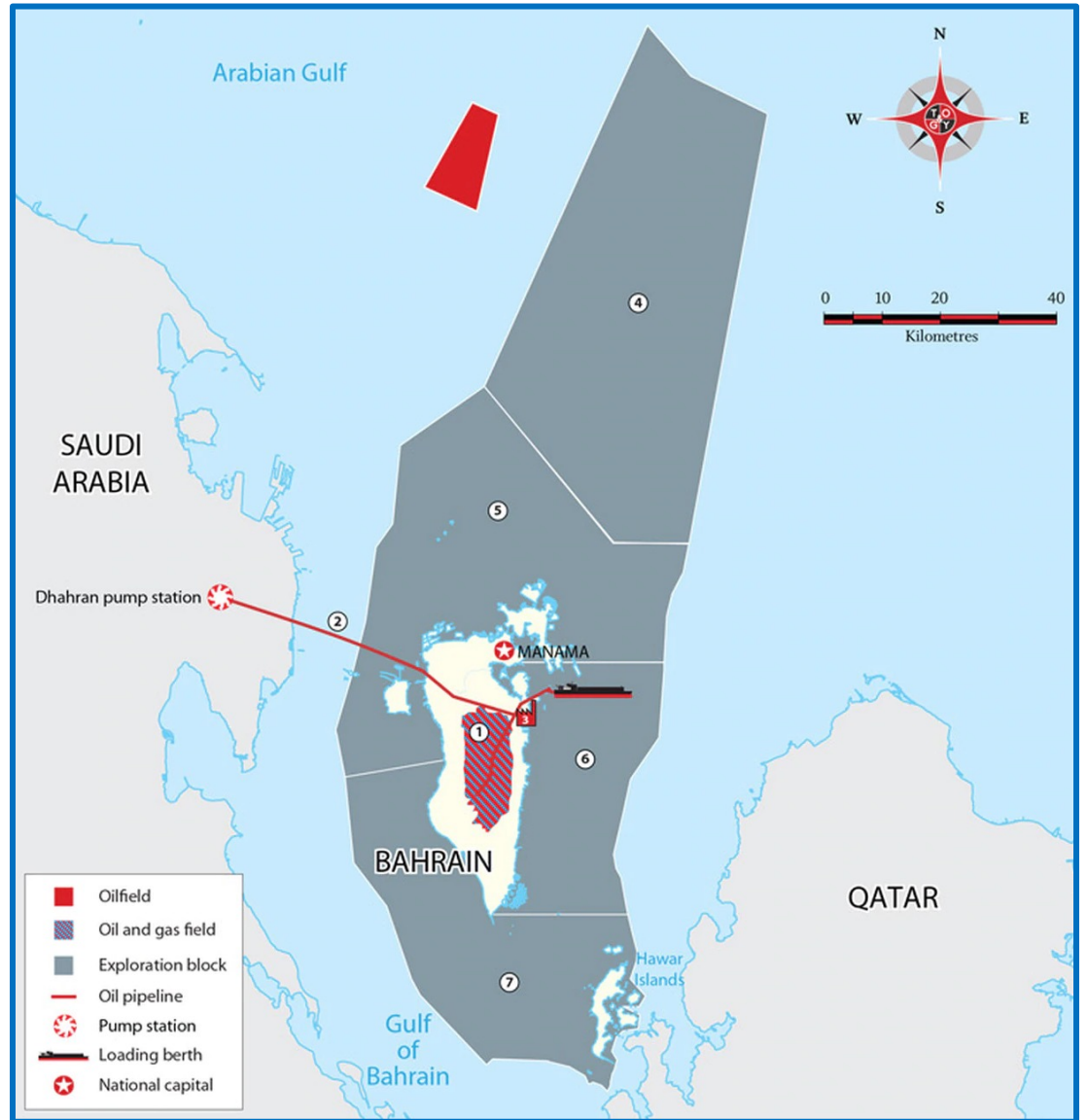
# Reasons for lack of diversification

- Public sector employment and its impact on private sector employment
- The availability of low-cost migrant workers
- Weaknesses in the education sector
- Government dominance of the economy

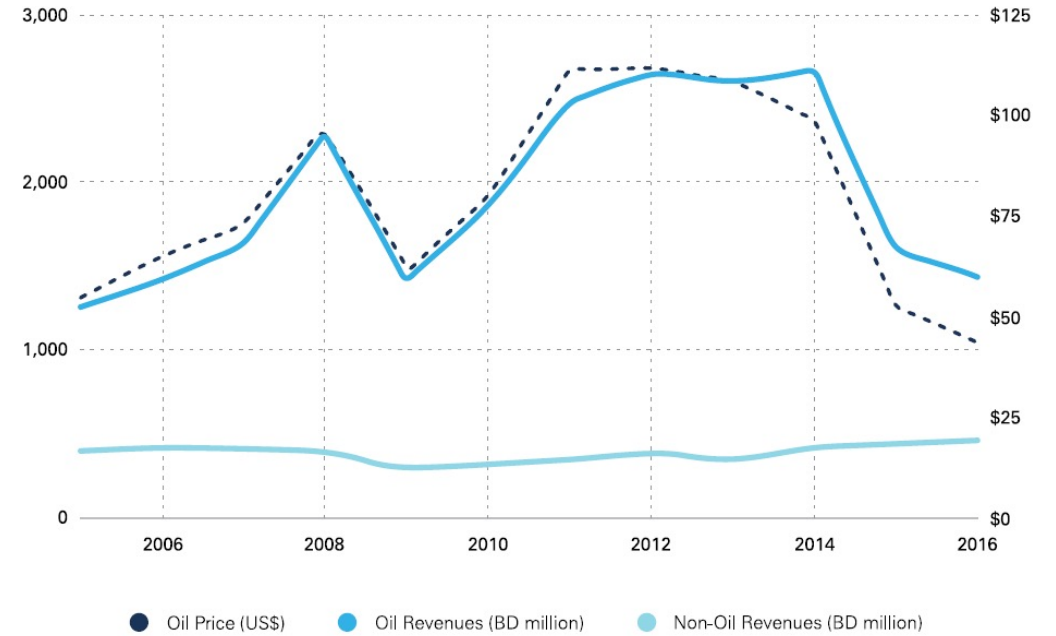
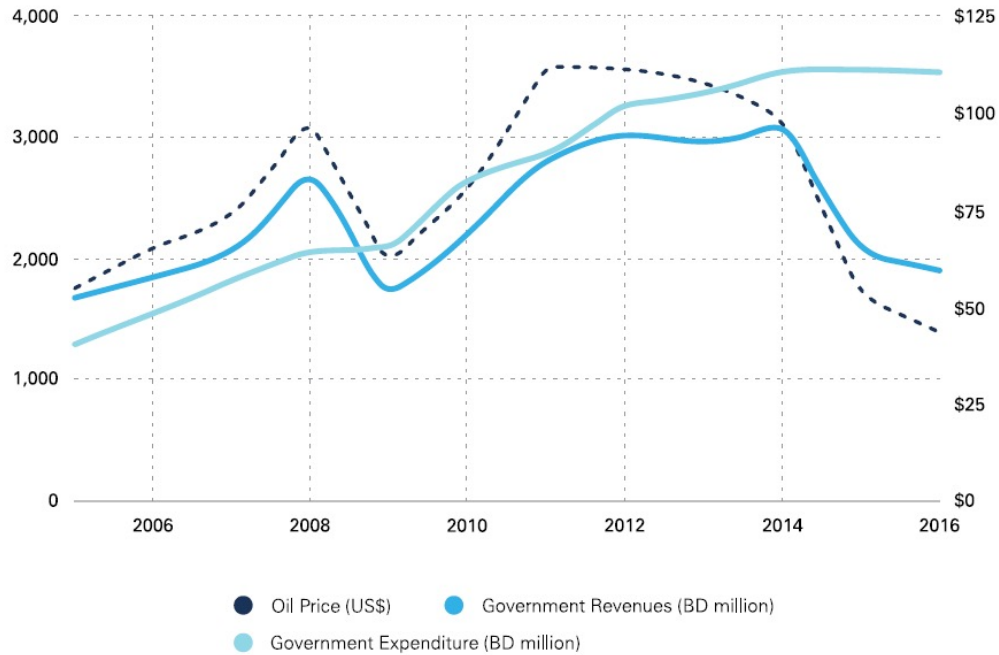


# Oil sector

- Bahrain's oil field previously and now
- Abu Safa
- The new oil field
- Bahrain-Saudi pipeline
- Refinery
- LNG import terminal



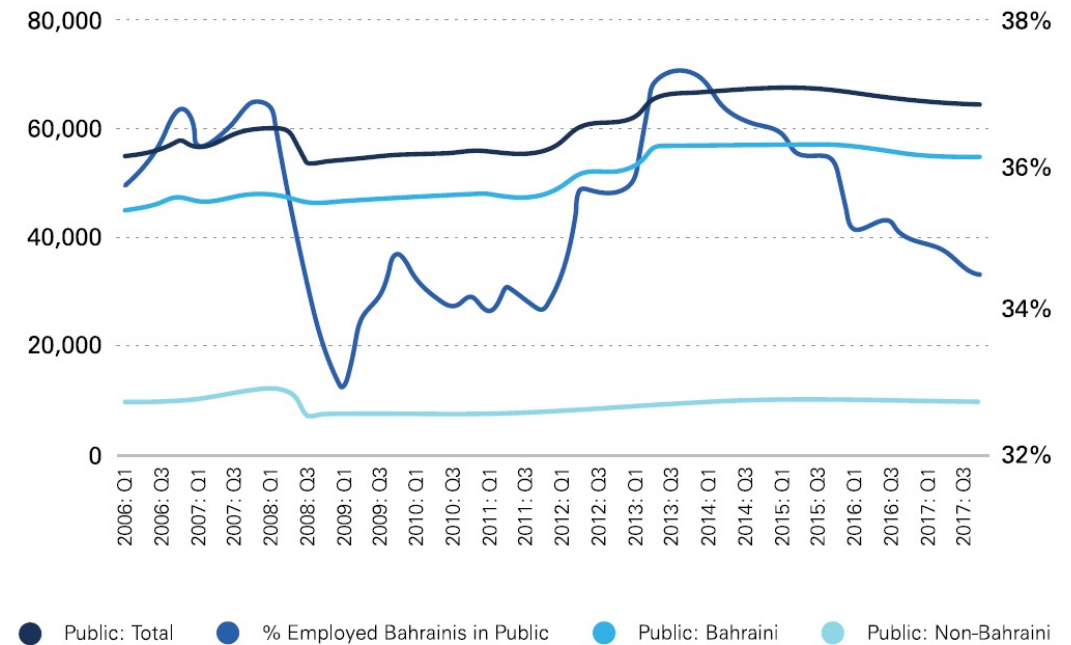
# Government budget





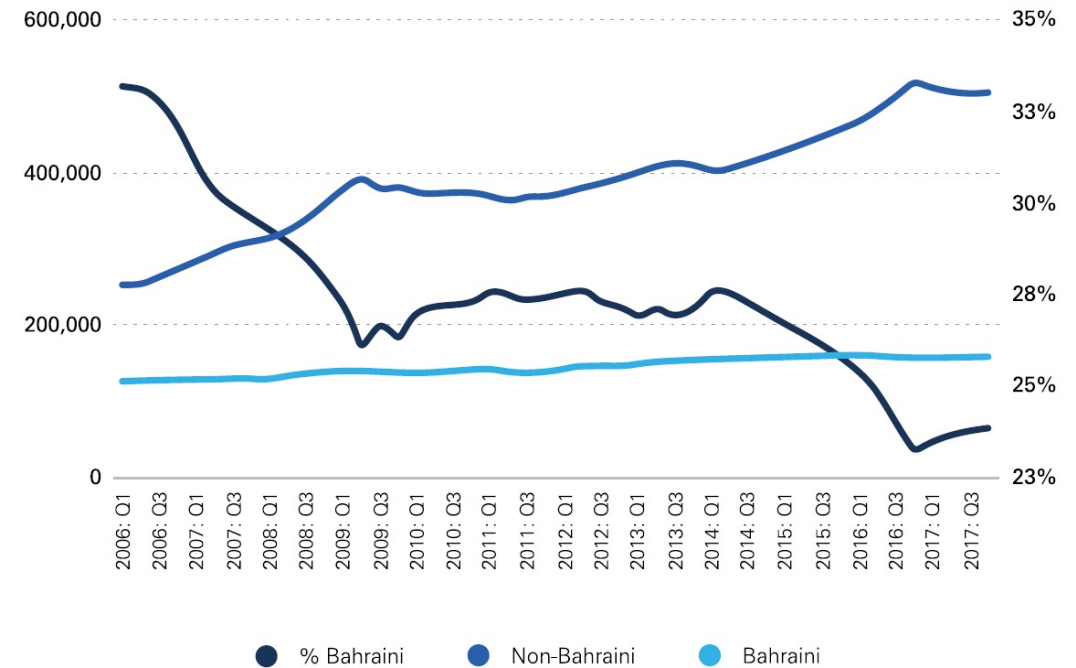
# Labor market: public and private sector

- The importance of the public sector
- Disadvantages
  - Low productivity
  - Lack of innovation
  - Distorting educational incentives
  - Low accountability due to lack of performance metrics
  - Bureaucratic creep due to lack of profit motive
- Economic vision 2030



# Labor market: Migrant workers

- Reasons for the presence of migrants
  - Plugging skill gaps in local market
  - Enabling growth post oil discovery
  - Decreasing price of services
  - Performing socially undesirable jobs
- Implications
  - Increase living standards
  - Creating jobs for locals
  - Competing with locals in some professions
  - Stagnation in the private sector



# Covid-19

- Threats:
  - Impact on oil prices
  - Effect on fiscal balance
  - Contraction in tourism
  - Difficulty in procuring foreign talent in future
- Opportunities:
  - Improving bureaucratic effectiveness in the public sector
  - Develop some local production

