

Kingdom of Bahrain

Gulf ICT 2008

8th to 10th April 2008

“E-Bahrain: Supporting economic growth”

Telecommunications Regulatory Authority

PO Box 10353

Manama

Bahrain

Website : www.TRA.org.bh

+973 1752 0000

contact@tra.org.bh

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Alan Horne

General Director, Telecommunications Regulatory Authority

The Telecommunications Regulatory Authority (TRA) is pleased to support Gulf ICT 2008.

The Information and communication technologies' ("ICT") sector is an increasingly important part of global economy. It is not only because it is a growing sector, constituting 5.8% of the Gross Domestic Product ("GDP") in Europe and 6.8% of GDP in the United States of America ("USA"), but also because it is a powerful enabler, which supports growth of the economy as a whole. 40% of productivity growth in the European Union ("EU"), 33% - in the USA, 42% - in Japan, 45% - in South Korea, and 21% - in Canada is attributed to the ICT. The ability to take advantage of opportunities provided by ICT sector could significantly influence growth of the economy of Bahrain, and growth in prosperity of all citizens.

An effective ICT sector is of significant importance in the Gulf region. Most of the regional economies face a necessity to diversify themselves by decreasing dependency on income from scarce natural resources and by using the prosperity achieved in order to guarantee continuous long-term wellbeing for their citizens. This need is apparently recognized by most Governments in the Gulf. It is evidenced by fast spreading economic development initiatives and the supporting initiatives in the liberalization of telecommunications sector across the region.

Being the first country in the region to discover oil in 1932, Bahrain has become one of the first confronted with the necessity to refocus development strategies and reduce dependency on income related to natural resources. In this regard leadership of the Kingdom has established an economic

strategy that focuses on establishing Bahrain as the free trade and services hub of the Gulf Region (or even wider – the Arab World). The ICT sector has been afforded an important role in this strategy. This is evidenced by the fact that the Kingdom of Bahrain was the first country in the region that as from 1 July 2004 fully liberalised its' telecommunications market.

Targeted efforts of the Government of Bahrain in foreseeing and overcoming the challenges of the future have resulted in establishing one of the most diversified economies in the region. In 2005, the services sector, led by financial services, contributed 74.3% to the Kingdom's real GDP, and employed over 50% of the workforce. The strategy of the Kingdom ensured high-income for the citizens, with a GDP per capita estimated at 6,941 BD for 2005; this being amongst the highest in the world. Bahrain's real GDP grew at an annual average rate of 5.9% during 2000-06. Benefits of economic prosperity were shared by all citizens. This is evidenced by the fact that in 2006 Bahrain ranked 39 (out of 177 countries) on the United Nations Development Programme's Human Development Index¹.

However the good results achieved so far do not mean that further actions aimed at increasing continuous wellbeing of the people of the Kingdom of Bahrain are not necessary. In contrary, rising regional and global competition as well as further decreasing ability to rely on income from natural resources means that the pace of growth and prosperity could only be maintained if necessary sweeping actions are taken.

¹ UNDP (2006), *Human Development Report 2006*, New York

The main objective is to ensure that development of telecommunications and information technologies sector fosters economic development of the Kingdom of Bahrain, in particular by supporting consolidation of Bahrain's position as the hub for free trade and services, in particular financial, in the Region. It is also essential to ensure that all citizens of the Kingdom have a fair opportunity to share benefits of economic prosperity.

However it is important to ensure that future policies take into account the regional and global developments in ensuring that Bahrain is not offering "more of the same", but rather uses its' position of a small and one of the most liberal, open and easy-to-invest-in countries within a significant and increasingly important region, which shares common history, traditions, culture and language.

Therefore it is incumbent upon us to ensure that:

- 1) Bahrain establishes itself as a hub for ICT services provided on a regional and even global basis;
- 2) Bahrain establishes itself as a centre for ICT related research and development as well as market and technological activities;
- 3) ICT sector supports development of other sectors, where the Kingdom already has a lead or is able to gain it, in particular banking and financial sector;
- 4) Bahraini citizens are empowered to participate in the development of ICT sector and are able to reap benefits of the developments.

TRA believes the proposed conference and exhibition, Gulf ICT 2008, will directly assist in the dialogue and spreading the knowledge of ICT. This support will assist Government and Industry in furthering ICT as an enabler and a contributor to economic development benefiting the Kingdom and all Bahraini citizens.

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