

World Economic Forum launches scenarios on future of Bahrain

Geneva, Switzerland, 28 November 2007 – The World Economic Forum today launched its latest scenario study, *The Kingdom of Bahrain and the World: Scenarios to 2025*, following the success of its recent work on the future of Saudi Arabia and the GCC region.

In this publication, the Forum has developed three scenarios for the future of Bahrain which are intended to aid both the public and private sectors in developing strategy, facilitating open dialogue and offering insight into the key issues affecting the Kingdom of Bahrain over the next 18 years.

Building on the Forum's previous regional scenario work, *The Gulf Cooperation Council (GCC) Countries and the World: Scenarios to 2025*, the Bahrain scenarios look in depth at one of the Gulf's most innovative and diverse countries, supported by the Ithmaar Bank. Drawing on a series of workshops hosted by the Economic Development Board of Bahrain, involving senior government representatives, CEOs, leading academics and civil society, the scenarios were developed with the input of over 300 local, regional and international experts.

The research team led by the World Economic Forum asked two key questions concerning the future of Bahrain:

1. Will the Kingdom of Bahrain be able to implement the necessary economic and political reforms and enforce the rule of law, both in public and private governance?
2. Will the complex and uncertain regional situation affect the Kingdom of Bahrain's internal order and stability?

The report (http://www.weforum.org/pdf/scenarios/gcc_bahrain_executive_summary.pdf) draws on the Forum's regional work to present three possible scenarios for Bahrain over the next 20 years: Oasis, Sandstorm and The Fertile Gulf. Oasis describes a world where continuing regional consolidation by the GCC countries and a focus on the efficient implementation of government policies allow Bahrain to do well economically, despite instances of instability and protectionism outside the GCC. By contrast, Sandstorm explores a future where severe regional instability, including conflict between the US and Iran, create a range of economic, political and social challenges for the country, leading to constrained budgets and frustrated populations. Finally, The Fertile Gulf looks at how Bahrain can contribute to regional stability while taking advantage of an open and fast-growing global economy to become the undisputed regional hub for healthcare, nanotechnology and Islamic banking.

"The Kingdom of Bahrain is a true innovator in the Arab world, with one of the most diversified economies in the Gulf. Bahrain has the ability and motivation to move quickly to take advantage of opportunities. However, it is also a complex society facing significant economic competition in a volatile region. These scenarios look at how a range of external threats interact with Bahrain's domestic situation and endowments to produce three challenging futures and, hence, will be interesting reading for anyone looking to better understand the prospects for the country and the region," stated Nicholas Davis, scenario expert at the World Economic Forum and co-author with Chiemi Hayashi of the report.

The scenarios are a result of a multistakeholder project involving participants and entities from the private, public and non-governmental spheres. They tackle a range of critical issues for the future of the country, including Bahraini unemployment and skill levels, political reform and regional relationships. They also explore the potential impact of conflict between the US and Iran on Bahrain's economy and social stability, using detailed economic modelling and the input of numerous experts. The scenarios emphasize the importance of Bahrain continuing to make strategic investments in innovation-focused ventures while enhancing the country's human capital. The scenarios also suggest that the Kingdom's continued and enhanced engagement in regional diplomacy could contribute significantly to stability in the broader Middle East.

Businesses can use the scenarios to enhance the robustness of strategies in the region, inform decision-making, raise awareness of the external environment, provide impetus for action and increase response speed to unexpected events. To further explore the deeper issues and ramifications of the region's development, the World Economic Forum will take the results of the Kingdom of Bahrain scenarios to the World Economic Forum Annual Meeting 2008 in January in Davos. The scenarios will be used by the Forum's Partners and Members to facilitate strategic conversations and explore uncertainty. The Forum hopes that these scenarios will be used to engage the Bahraini business community further in constructive debate about the critical issues shaping the future of the country.