

### General Political Environment:

Bahrain experienced a smooth transfer of power during Sheik Hamad's ascension to the throne in March 1999 following his father's death. In line with public pressure, Sheik Hamad's leadership has thus far has been marked by a sustained effort to introduce a gradual process of political liberalisation and reform. A newly amended constitution was introduced in February 2002 codifying a range of political reforms with widespread support from the majority of Bahrainis.

Much of the pressure for democratic liberalisation in Bahrain comes from the majority Shi'a population which seeks greater representation in a political structure dominated by Sunni elites.

The first step in the reform effort was the declaration of Bahrain as a constitutional monarchy with Sheikh Hamad as its King in 2001. Parliament was also restored in October 2002. However, the King retains broad powers and can veto legislation.

Legislative elections in 2002 were boycotted by four predominantly Shi'a / leftist groups and voter turnout was low at approximately 53 percent. These four groups did participate in the 2006 elections and voter turnout rose to 72 percent. Significantly, the Shi'a Islamist group, Al-Wefaq won 17 seats and became the largest single group in the National Assembly. However, Sunni groups acting in coalition maintained their control of the Assembly.

Opposition groups continue to argue that the King must revise the constitution so that the appointed Consultative Council does not have equal powers to the elected National Assembly. They also contend that the current electoral system and government manipulation of the voting process ensure a pro-government majority in the National Assembly.

### Investment Environment:

The government welcomes foreign direct investment and has taken steps to ensure a favourable investment climate. The legal and regulatory environment is considered relatively fair and transparent. While corruption exists, it is not considered to act as a significant obstacle to foreign investors.

The government has also taken steps to cut red tape through the introduction of the Bahrain Marketing and Promotion Board which aims to provide foreign investors with a "one-stop-shop" for business registration procedures.

### Political Violence:

Significant anti-government protests and violence by the Shi'a community erupted from 1994-1999 over demands for a restoration of parliament. Subsequent to a government crackdown, protests eventually waned by 1999. Since the accession of the current King, there has been a marked effort by the government to improve relations with the Shi'a-dominated opposition.

The Bahraini capital witnessed two days of anti-liquor rioting against expatriates in March 2004. Further attacks against the perceived moral laxity among the country's large foreign labour workforce remain a possibility.

Growing discontent among the Shi'a, combined with Bahrain's mounting unemployment, and perceived government heavy-handedness provides a catalyst for sporadic unrest in the short to medium term. This is likely to be characterized by protests and small-scale bomb attacks against government/security officials or infrastructure. However, a return to the turmoil of the 1990s is not expected.

Bahrain has never experienced a major anti-Western terrorist attack. However, similar to other pro-Western Gulf States, it is vulnerable to the risk of an isolated attack.

## Political

### Political Structure

Constitutional Monarchy

### King

Sheikh Hamad bin Isa al-Khalifa

### Crown Prince

Sheikh Salman bin Hamad al-Khalifa

### Prime Minister

Sheikh Khalifa bin Salman al-Khalifa

### Legislative Bodies

- **National Assembly** - 40 elected deputies
- **Consultative Council** - 40 members appointed by the King

### Major Societies in National Assembly:

- Al Wafeq National Islamic Society (17)
- Al Menbar National Islamic Society (9)
- Al-Asala (5)
- National Democratic Action Society (4)

### Elections

**Legislative:** November / December 2006

### Next elections

**Legislative:** 2010

### Press Freedom Survey:

- 2006 Score: 72 (Not Free)
- [freedomhouse.org](http://freedomhouse.org)

### Control of Corruption Index:

- 2005 Score: 0.64 (-2.5: Worst; +2.5: Best)
- [worldbank.org](http://worldbank.org)

**July 2007**  
**Derek Baas**  
**[dbaas@edc.ca](mailto:dbaas@edc.ca)**

### Political Outlook

Regime stability and the dominance of the al-Khalifa family are not in question in the short to medium term. However, the process of political reform is a delicate one and the regime must proceed carefully in order to manage the high expectations of the Shi'a community in order to avoid any increase in sectarian tensions and the risk of triggering sectarian unrest.