

III. TRADE POLICIES AND PRACTICES BY MEASURE

(1) INTRODUCTION

1. As a result of its participation in the Gulf Cooperation Council (GCC) customs union, Bahrain has been applying the GCC common external tariff (CET) since 1 January 2003. Bahrain's adoption of a version of the CET decreased its simple average MFN duty rate from 7.7% in 2000 to 5.3% in 2007; all rates are *ad valorem* (except on tobacco), and there are no tariff quotas and no other duties and taxes on imports. Bahrain's exceptions to the GCC CET include alcohol (125%) and tobacco (with an alternate tariff, the *ad valorem* component being 100%). Bahrain bound 72.7% of its tariff lines at rates ranging from 35% to 200%, i.e. an average bound rate of 35.6%; this leaves ample margins for applied tariff increases.

2. The documentation for all imported products must be authenticated by the Consulate of Bahrain or any Arab Embassy in the country of origin. Bahrain encounters some difficulties in implementing the provisions of the GCC customs law based on the WTO Agreement on Customs Valuation. Non-tariff measures are maintained on imports and exports, mainly for health, security, and moral reasons. Bahrain has largely harmonized its regime on standards and technical regulations with other GCC members.

3. The Government of Bahrain continues to have an influence on the economy, mainly through various state-owned companies, such as ALBA (aluminium), BANAGAS (gas), BAPCO (petroleum), and Gulf Air. However, recognizing the need to increase efficiency, reduce the pressure on public revenue, and increase private sector participation in the economy, it established a privatization programme.

4. Since its last TPR in 2000, Bahrain has enacted new laws and regulations, notably on government procurement, telecommunications, and intellectual property rights (i.e. on patents and utility models, copyrights and neighbouring rights, trade marks, trade secrets, geographical indications, integrated circuits, and industrial designs). The new government procurement regime still provides for price preferences of 10% and 5% for local and GCC products, respectively. Bahrain has no competition legislation *per se*. It has adopted the GCC Treaty provisions on contingency trade remedies.

(2) MEASURES DIRECTLY AFFECTING IMPORTS

(i) Registration and documentation

5. All importers and exporters are required to be listed in the commercial registry maintained by the Ministry of Industry and Commerce (MIC), and to be members of the Bahrain Chamber of Commerce and Industry (BCCI). Since 1 January 2006, the company registration fee has been BD 20 per year.

6. All imports into Bahrain, including those destined for bonded areas, must be accompanied by, *inter alia*, four copies of the bill of landing (airway bill for air cargo); the original of the certificate of origin (for statistical purposes)¹; three copies of the commercial invoice; and insurance certificates for all shipments insured by the exporter or shipper. Commercial invoices must be certified by a Chamber of Commerce in the country of origin, stating origin and current export price of the product, and stamped by the relevant Consulate of Bahrain or any Arab Embassy in the country of origin before the goods may be exported to Bahrain. In the event that the documents are not authenticated, the goods

¹ In case the certificate of origin is not available, a BD 10 deposit is payable until it is provided.

may still be cleared after inspection by customs and payment of the duties payable as assessed by the Customs administration (deposit), which is forfeited if the authenticated documents are not provided within six months of the date of import.

7. Product-specific documentation is also required for imports of drugs and medicines, food products, live animals, birds and fish, and all meat and poultry products (section (vii)(b) below)). Import permits must accompany certain products, including special breed horses (Arabian horses), armaments, insecticides, and fungicides (section (v) below)).

(ii) Customs procedures and valuation

8. Since the launch of the GCC customs union on 1 January 2003, Bahrain has been applying its GCC Common Customs Law, and its Rules of Implementation and Explanatory Notes, through Royal Decree No. 2/2002.² Under the "single port of entry" principle, items imported into Bahrain (or any other GCC State), and destined for another GCC market, are subject to customs duty only at the first point of entry into the GCC. Customs procedures and the required documentation are the same for all GCC members.³

9. According to the authorities, on average clearance of goods takes 15 minutes, regardless of the mode of transportation, and provided everything is in order, including the documentation. Import duties must be paid or guaranteed at the time of customs clearance. Prior to 2003, importers who used the services of a commercial agent had to pay a maximum commission of 5%. In 2003, this fee was lifted; importers are no longer restrained by their agents' monopoly of the local market. Foreign companies may now appoint more than one distributor for their products in Bahrain.⁴

10. Bahrain is in the process of implementing the Customs Automation System (eCAS), a computerized bilingual (Arabic/English) system, whose main objective is to automate and manage all local customs activities relating to the movement of goods from and to Bahrain (e.g. exports, imports, collection of customs duties, inspection, transit, warehousing, and refund). It is aimed at allowing traders to complete the necessary customs procedures in a few hours and effectively. According to the authorities, the eCAS will be implemented gradually throughout Bahrain, starting at Mina Salman Port during the second half of 2007.

11. In January 2000, Bahrain requested a three-year extension period (until 1 January 2003) in the application of the provisions of the WTO Customs Valuation Agreement (CVA), in order to finalize the necessary legislation, complete computerization and training of customs personnel, and to acquaint them with the provisions of the CVA.⁵ In May 2002, in the Committee on Customs Valuation, Bahrain indicated that it was applying the CVA, on the basis of Royal Decree No. 10/2002.⁶ However, Bahrain has yet to make the relevant notification to the Committee, including of its legislation on customs valuation. The authorities face certain difficulties in implementing the CVA partly due to the lack of a computerized system. Bahrain has reserved its rights under Annex III, paragraphs 3 (concerning reversal of sequential order of Articles 5 and 6), and 4 (to apply Article 5.2

² Common Customs Law of the GCC States. Viewed at: <http://library.gcc-sg.org/English/ew01.htm>.

³ For a description of the GCC customs procedures, see GCC online information. Viewed at: http://www.gcc-sg.org/GCC-Customs/gcc_cu01e.html.

⁴ U.S. Department of State (2005).

⁵ WTO document G/VAL/W/57, 13 January 2000.

⁶ Bahrain also requested technical assistance (WTO document G/VAL/M/27, 5 June 2002).

whether or not the importer so requests).⁷ Bahrain has notified the WTO that it has no laws or regulations on pre-shipment inspection.⁸ Customs tariffs are levied on the c.i.f. value of imports.

12. A Customs Valuation Committee, composed of officers from the administration, was established through Office Order No. 10 dated 17 July 2003 to settle customs valuation and classification disputes. The operator may also seek assistance from the Director General of Customs, and has the right to appeal to the Bahraini Court of Arbitration. According to the authorities, there have been no disputes recently.

13. Bahrain is a member of the World Customs Organization.

(iii) Rules of origin

14. Bahrain applies non-preferential and preferential rules of origin. As part of its obligations under the GCC customs union, Bahrain applies the same non-preferential rules of origin as the other five GCC members. Under the non-preferential scheme, products are generally considered as originating from the country where they are wholly obtained or where they underwent substantial transformation, with at least 40% of local value-added. A certificate of origin produced by the original exporter and legalized by a recognized authority in the country of export, is required for import clearance.

15. Bahrain's preferential rules of origin are also generally based on a value-added content criterion, but may vary according to the agreement (Chapter II(4)(ii)). For products imported from GAFTA, local value-added of at least 40% is required in order to qualify for preferential treatment, while under the bilateral trade agreement with the United States, local value-added of at least 35% is necessary.⁹

16. There have not been any disputes or complaints in the WTO regarding the rules of origin applied by Bahrain. It has never made a notification to the WTO Committee on Rules of Origin.

(iv) Tariffs, other duties, and taxes

(a) MFN applied tariffs

17. Bahrain has a relatively simple MFN tariff, comprising 7,166 lines; all rates are *ad valorem* (except on tobacco), and there are no tariff quotas, no nuisance rates, and no other duties and charges on imports (Table III.1). Its tariff is based on the GCC's CET, which consists of rates of 5% (92.4% of all lines) (Chart III.1), and zero for 421 lines, mainly agricultural raw materials and basic food products, pharmaceutical products, and other products including certain papers, books and magazines, unwrought precious metals; vessels; and airplanes. Imports into Bahrain of alcoholic beverages are subject to a 125% tariff; and an alternate tariff of 100% *ad valorem* or a specific amount (whichever is higher)¹⁰ applies to tobacco products.

⁷ WTO document G/VAL/W/156, 27 September 2006.

⁸ WTO document G/PSI/N71/Add.6, 6 June 1997.

⁹ The bilateral trade agreement with the United States also stipulates specific "yarn forward" rules of origin for textiles.

¹⁰ The specific component of the alternate tariffs for tobacco and tobacco-related products are (HS code in parentheses): BD 2 per kg gross (2401.1000 to 2401.3090); BD 15 per kg (2402.1000 and 2402.9010); BD 10 per thousand cigarettes (2402.2000 and 2402.9020); BD 4 per kg net (2403.1010 to 2403.9930); BD 0.6 per kg gross (2403.9940 and 2403.9950); and BD 4 per kg gross (2403.9990).

Table III.1
Structure of MFN tariffs in Bahrain, 2000 and 2007

	2000	2007	U.R. ^a
1. Bound tariff lines (% of all tariff lines) ^b	74.5	72.7	n.a
2. Duty-free tariff lines (% of all tariff lines)	5.8	5.9	2.4
3. Non- <i>ad valorem</i> tariffs (% of all tariff lines) ^c	0.3	1.0	0.0
4. Tariff quotas (% of all tariff lines)	0.0	0.0	0.0
5. Non- <i>ad valorem</i> tariffs with no AVEs (% of all tariff lines)	0.3	1.0	0.0
6. Simple average applied tariff	7.7	5.3	34.4
Agricultural products (WTO definition)	7.9	7.4	37.7
Non-agricultural products (WTO definition) ^d	7.7	4.9	33.5
Agriculture, hunting, forestry and fishing (ISIC 1)	4.3	3.3	35.7
Mining and quarrying (ISIC 2)	5.2	4.9	35.0
Manufacturing (ISIC 3)	8.0	5.4	34.3
7. Domestic tariff "spikes" (% of all tariff lines) ^e	0.6	1.6	0.3
8. International tariff "peaks" (% of all tariff lines) ^f	3.4	1.6	97.6
9. Overall standard deviation of applied rates	8.8	7.9	11.4

a The implementation of certain products runs until 2008.

b The reduction in the percentage of bound tariffs is mainly due to a change in classification.

c Data for 2000 and 2007 include prohibited items.

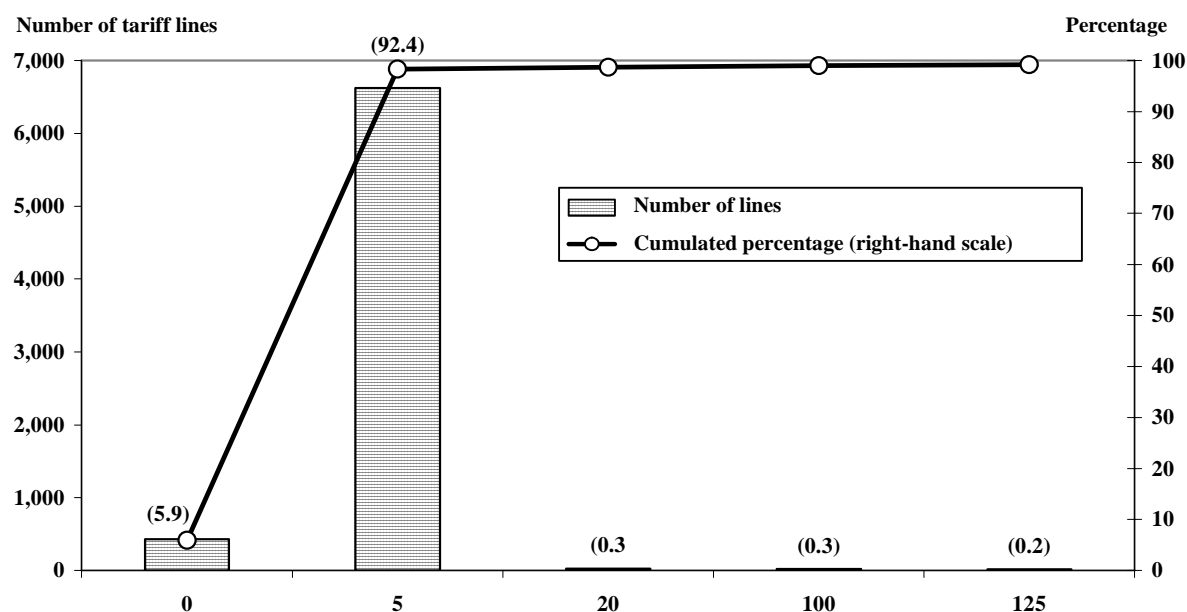
d Excluding petroleum.

e Domestic tariff spikes are defined as those exceeding three times the overall simple average applied rate (indicator 6).

f International tariff peaks are defined as those exceeding 15%.

Source: WTO Secretariat calculations, based on data provided by Bahraini authorities; and IDB WTO database.

Chart III.1
Breakdown of applied MFN duties, 2007



Note: The figures in brackets correspond to the percentage of total lines. They do not add to 100% due to non-*ad valorem* duties and prohibited items.

Source: WTO Secretariat calculations, based on data provided by the Bahraini authorities.

18. Bahrain's overall average MFN applied tariff is 5.3% (down from 7.7% in 2000). The coefficient of variation is 1.5, reflecting the fact that the modal rate is 5% and a few items are subject to the zero rate or tariffs of 100-125% (Tables III.2 and AIII.1). On the basis of the WTO definition, tariffs average 7.4% in agriculture (down from 7.9% in 2000)¹¹, and 4.9% on non-agricultural products (7.7% in 2000). Using ISIC (Revision 2) definition, the least tariff protected sector is agriculture with 3.3% (compared with 4.3% in 2000), followed by mining and quarrying (4.9%, down from 5.2% in 2000), and manufacturing (5.4%, 8% in 2000).

19. On aggregate, Bahrain's tariff displays positive escalation, from first-stage processed products, with an average tariff of 4%, to semi-finished goods, with an average rate of 4.9%, and fully processed products, on which tariffs average 5.8%. This positive tariff escalation stems from the lower applied tariffs (on average) to agricultural raw materials. Further desegregation shows mixed results: in some industries (e.g. textiles and apparel, basic metal products) tariffs are uniform from the first to the final stage of processing (Chart III.2). Otherwise, tariff escalation is mixed (negative from the first to the second stage, and then positive) in food and beverages, reflecting the high rates on tobacco and spirits, and in non-metallic mineral products. Escalation is slightly negative in chemicals and in paper and printing, because of duty-free imports of pharmaceuticals and certain books.

Table III.2
Summary analysis of Bahrain's MFN tariff, 2007

Analysis	No. of lines ^a	Applied 2007 rates				CV	Imports 2006 (US\$ million)
		No. of lines used	Simple avg. tariff (%)	Range tariff (%)	Std-dev (%)		
Total	7,166	7,107	5.3	0-125	7.9	1.5	8,956.9 ^b
By WTO definition^c							
Agriculture	1,153	1,136	7.4	0-125	19.3	2.6	522.1
Live animals and products thereof	154	151	3.1	0-5	2.4	0.8	70.4
Dairy products	33	33	5.0	5-5	0.0	0.0	79.7
Coffee and tea, cocoa, sugar, etc.	248	246	4.0	0-5	2.0	0.5	118.1
Cut flowers and plants	69	64	4.5	0-5	1.5	0.3	4.6
Fruit and vegetables	267	267	3.5	0-5	2.3	0.7	79.2
Grains	22	21	0.5	0-5	1.5	3.2	24.3
Oil seeds, fats, oils and their products	91	88	4.9	0-5	0.5	0.1	18.5
Beverages and spirits	64	63	35.5	5-125	52.7	1.5	80.7
Tobacco	20	20	100.0	100-100	0.0	0.0	31.0
Other agricultural products	185	183	5.0	0-125	9.1	1.8	15.5
Non-agriculture (excl. petroleum)	5,979	5,937	4.9	0-20	1.3	0.3	3,512.9
Fish and fishery products	153	153	3.2	0-5	2.4	0.8	8.3
Mineral products, precious stones and precious metals	468	446	4.7	0-5	1.3	0.3	269.9
Metals	747	747	5.2	5-20	1.5	0.3	632.1
Chemicals and photographic supplies	1,142	1,139	4.9	0-20	1.5	0.3	640.2
Leather, rubber, footwear and travel goods	222	216	5.0	5-5	0.0	0.0	40.4
Wood, pulp, paper and furniture	435	435	4.9	0-20	2.5	0.5	182.1
Textiles and clothing	1,045	1,042	5.0	0-5	0.3	0.1	144.8
Transport equipment	235	233	4.4	0-5	1.6	0.4	677.8
Non-electric machinery	609	609	5.0	0-5	0.2	0.0	509.9
Electric machinery	304	302	5.0	5-5	0.0	0.0	313.2

Table III.2 (cont'd)

¹¹ The WTO definition of agriculture covers: HS Chapters 01-24, less fish and fishery products (HS 0301-0307, 0509, 051191, 1504, 1603-1605 and 230120), plus some selected products (HS 290543, 290544, 290545, 3301, 3501-3505, 380910, 382311-382319, 382360, 382370, 382460, 4101-4103, 4301, 5001-5003, 5105-5103, 5201-5203, 5301 and 5302).

Analysis	No. of lines ^a	Applied 2007 rates				Imports 2006 (US\$ million)
		No. of lines used	Simple avg. tariff (%)	Range tariff (%)	Std-dev (%)	
Non agricultural articles n.e.s.	619	615	5.0	5-20	0.6	0.1
By ISIC sector^d						
Agriculture, hunting, forestry and fishing	447	434	3.3	0-100	9.7	2.9
Mining	130	129	4.9	0-5	0.8	0.2
Manufacturing	6,588	6,543	5.4	0-125	7.8	1.4
By stage of processing						
Raw materials	848	830	4.0	0-100	7.1	1.8
Semi-processed products	2,060	2,060	4.9	0-20	1.3	0.3
Fully-processed products	4,258	4,217	5.8	0-125	9.7	1.7

a Tariff rates are based on a lower frequency (number of lines) since prohibited products are excluded.

b The total of imports is higher than the sum of sub-items, as certain imports, to the value of US\$1.4 million are not classified in the Harmonized System and therefore cannot be classified under ISIC.

c 34 tariff lines on petroleum products are not taken into account.

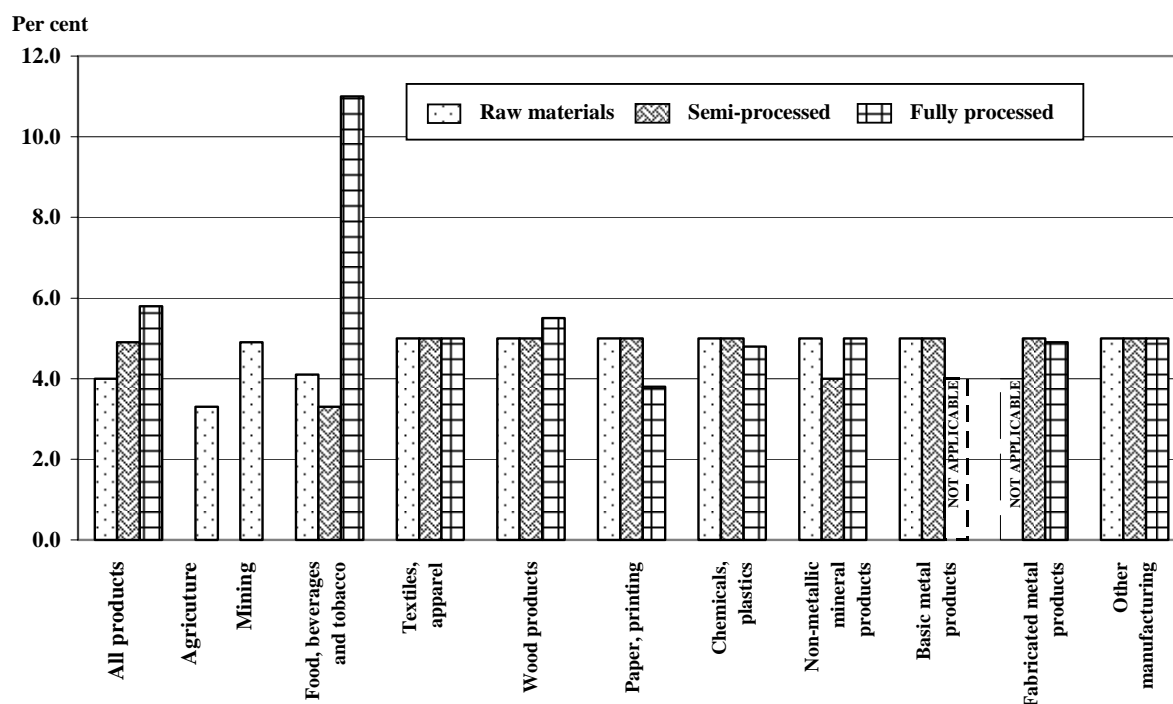
d International Standard Industrial Classification (Rev.2). Electricity, gas and water are excluded (1 tariff line).

Note: CV = coefficient of variation.

Source: WTO Secretariat estimates, based on data provided by the Bahraini authorities; 2006 imports data from UNSD, Comtrade database.

Chart III.2

Tariff escalation by ISIC 2-digit industry, 2007



Source: WTO Secretariat estimates, based on data provided by the Bahraini authorities.

(b) MFN bound tariffs

20. In the Uruguay Round, Bahrain bound 72.7% of its tariff. Most bound tariffs are at ceiling rates of 35%; however, on tobacco and alcohol products (23 lines), tariffs are bound at 100% and 200%, respectively.

21. Bahrain's average bound tariff is 35.6%. The overall average MFN applied tariff (5.3%) is considerably lower than the bound rate; this presents an element of uncertainty, as it gives the authorities a substantial margin for increasing applied MFN tariffs. In addition, the percentage of tariffs bound in some HS Chapters, notably on chemicals, wood and wood articles, mineral products, pulp and paper, and hides and skins, which together represent 24% of the tariff, remains below 50% of all lines in those Chapters.¹²

(c) Other duties and taxes

22. Bahrain does not apply other duties and taxes, except on some fresh agricultural products, where a municipality tax of up to 2% may be charged for statistical purposes. Bahrain bound other duties and taxes at zero, with the exception of 40 tariff lines (HS 08) for which they were bound at 2%.

(d) Duty and tax concessions and exemptions

23. Bahrain grants tariff exemptions on raw materials, machinery, and equipment imported for local factories qualifying under the Local and GCC Industries Laws. In addition, duty and tax concessions may be granted selectively to certain industries or companies on imports necessary for their operational use. Duty-free imports are also allowed for, *inter alia*, international organizations, diplomatic missions, the armed forces, police, and charity institutions.¹³

24. Duty and tax concessions are also granted to exporters (section (3)(iv) below).

25. Tariff concessions and exemptions are specific to each GCC member and may therefore differ from one State to another.

(e) Tariff preferences

26. In principle, products from a GCC member circulate free of duty across the customs union. With the exception of tobacco and alcoholic products, which are excluded from Bahrain's preferential arrangements, imports originating from the other members of GAFTA and the United States enter Bahrain duty-free, provided that the goods meet the respective origin criteria (section(2)(iii) above).

(v) Import prohibitions, restrictions, and licensing

27. Under the GCC Common Customs Law, each GCC state determines its own list of prohibited or restricted products, although members are developing a common list. Imports that are prohibited in some GCC member states and permitted in others must not transit through the states in which they are prohibited. Transit of restricted imports is allowed.

28. In Bahrain, absolute import prohibitions are maintained for various reasons, including international conventions, environmental protection, health and safety, and religious and moral considerations. They cover live swine; all kind of drugs; Indian pan and derivatives; asbestos and articles of asbestos; used pneumatic tyres; cultured pearls; advertisement material for all types of cigarettes; radio remote-control model aeroplanes; children toys in the form of guns, with power; and ivory and articles of ivory (Table III.3).

¹² See WTO (2000).

¹³ Section VIII of the Common Customs Law of GCC States specifies the agencies and goods exempt from duty, such as the diplomatic corps, military forces, personal effects, imports by charitable societies, and returned goods.

Table III.3
Prohibited imports, 2007

HS Code	Product description	Reasons for prohibition	Authorizing ministry
01030000	Live swine	Religious reasons	Ministry of Industry and Commerce
..	Drugs	Drugs and narcotics reasons	Ministry of Interior
..	Indian pan and derivative	To preserve environment	Ministry of Industry and Commerce
40120000	Retreaded tyres and used tyres	Safety reasons	Ministry of Industry and Commerce
..	Advertisement material for propaganda of all type of cigarettes	Health reasons	Ministry of Industry and Commerce and Ministry of Health
..	Asbestos and articles of asbestos	Safety and health reasons	Ministry of Industry and Commerce
71012100	Cultured pearls	To assist regeneration of natural pearl industry	Ministry of Industry and Commerce
71012200			
71161010			
95038000	Radio remote control model aeroplane	Security and safety reasons due to space limitations	Ministry of Interior
95039000	Children toys in the form of gun, with power	Security and safety reasons	Ministry of Interior and Ministry of Industry and Commerce
95071000	Ivory and articles of ivory	To preserve the natural environment	Ministry of Industry and Commerce
96011000			
96019000			

.. Not available.

Source: Information provided by the Bahraini authorities.

29. Bahrain has notified the WTO Committee on Import Licensing Procedures that it has no import licensing system.¹⁴ Nonetheless, goods subject to import restrictions must be accompanied by certificates from the relevant authorities. Most of the import restrictions maintained by Bahrain are on safety, health or moral grounds, and apply to, *inter alia*, special breed horses, armaments, insecticides and fungicides, and radioactive materials (Table III.4).

Table III.4
Restricted imports, 2007

HS Code	Product description	Conditions for release of import	Authorizing ministry
01010000	Horses	No-objection certificate from Equestrian and Horse Racing Club; and valid certificate from Veterinary Authority	Crown Prince Court and Ministry of Municipal and Agriculture Affairs
01061990 and 95081000	Other live wild dangerous animals for circus only	No-objection certificate from Ministry of Interior; and valid certificate from Veterinary Authority	Ministry of Interior and Ministry of Municipal and Agriculture Affairs
22072019	Unadulterated ethyl alcohol of isopropyl, isopropanol	No-objection certificate	Ministry of Interior
28444010	Radioactive chemical elements and active isotopes	Permission	Ministry of Health
31010000 to 31050000	Animal or vegetable fertilizers whether or not mixed together or chemically treated	No-objection certificate	Ministry of Municipal and Agriculture Affairs
38080000	Insecticides and fungicides	No-objection certificate	Ministry of Municipal and Agriculture Affairs

Table III.4 (con'd)

¹⁴ WTO document G/LIC/N/3/BHR/1, 15 September 2000.

HS Code	Product description	Conditions for release of import	Authorizing ministry
73269099	Handcuffs made from iron and steel	No-objection certificate	Ministry of Interior
87011000	Pedestrian controlled four-wheel mini car	No-objection certificate	Ministry of Interior
93000000 to 93070000	Arms and ammunition, military weapons and parts thereof; bombs, grenades, torpedoes, mines, missiles and parts thereof, swords, cutlasses, bayonets, lances, and similar arms and parts thereof	No-objection certificate	Ministry of Interior

Source: Information provided by the Bahraini authorities.

30. Food, plant, and animal imports, which are restricted for health reasons, must be accompanied by sanitary and phytosanitary health certificates from the exporting country. Imports of food products must be accompanied by a certificate declaring them to be free of radiation and dioxin (section (vii)(b) below). In addition, pharmaceutical products must be imported directly from a manufacturer with a research department, and the products must be licensed in the country of manufacture and in at least two GCC countries other than Bahrain, one of which must be Saudi Arabia.

(vi) Contingency trade remedies

31. Bahrain has notified the WTO that it has no national laws or regulations relevant to the WTO Agreements on Anti-dumping, and on Safeguards.¹⁵ Bahrain has not yet submitted a notification on laws and regulations under Article 32.6 of the WTO Agreement on Subsidies and Countervailing Measures. However, it adopted the provisions on contingency trade remedies contained in the GCC Treaty through Law No. 4/2006; implementing regulations have yet to be finalized. Bahrain has never taken anti-dumping, countervailing or safeguard measures.

(vii) Standards and other technical requirements

(a) Standards, testing, and certification

32. Bahrain accepted the TBT Code of Good Practice in September 1997.¹⁶ Its standardization body and enquiry point is the Bahrain Standards and Metrology Directorate (BSMD) within the MIC.¹⁷ The National Committee for Standards and Metrology (NCSM) is the technical arm of the BSMD. The NCSM comprises representatives from various ministries and the BCCI, and independent technical experts; it is chaired by the Minister of Industry and Commerce.¹⁸

33. Bahrain is harmonizing its technical regulations and standards at the GCC level. GCC-wide standards may be proposed/initiated by a body in a member country, and are formulated by the Gulf Standards Organization (GSO), which is based in Riyadh, Saudi Arabia. The proposal requires support from two member countries in order to be included in the GSO work programme. Once approved, GSO standards are circulated to all GCC member states for adoption. In general, GCC

¹⁵ WTO document G/ADP/N/1/BHR/1, 3 June 1997; and WTO document G/SG/N/1/BHR/1, 12 June 1997.

¹⁶ WTO document G/TBT/2/CS1/Add.2, 11 February 1998.

¹⁷ WTO document G/TBT/ENQ/28, 27 October 2006. The BSMD was established under Legislative Decree No. 16 of 1985.

¹⁸ The NCSM was established under Legislative Decree No. 16 of 1985.

standards are based on international standards. According to the authorities, Bahrain develops technical regulations and standards at the national level only if there is a pressing need. All technical regulations and standards must be adopted by the NCSM; any proposed technical regulation or standard is examined by one of the seven technical committees under the NCSM, which has a period of seven to ten months to approve it. In Bahrain, standards and technical regulations are adopted by Ministerial Orders and then published in the *Official Gazette*. Technical regulations and standards normally enter into effect after three to six months, unless there is an emergency situation.

34. Bahrain has 1,805 standards in place (March 2007), of which 1,804 are based on GCC standards as set by GSO; 225 are compulsory standards (technical regulations), and the remainder are voluntary. Bahrain has a voluntary national standard on local bread.¹⁹ BSMD, together with GSO and the other national standardization bodies of the GCC, is to establish a Regional Conformity Assessment Scheme (RCAS) in 2007, with the support of the Joint Accreditation System of Australia and New Zealand.

35. All mandatory standards in Bahrain apply equally to locally produced and imported products, with the exception of quality marks on gold (section (c) below). Regulated products are given automatic entry to Bahrain if they are covered by conformity assessment certificates issued by internationally recognized bodies. Otherwise, the products must be assessed by accredited bodies. Bahrain has not concluded any mutual recognition agreements.

36. In addition to standards, all precious metals, whether imported or locally produced, must be hallmarked. The quality mark is issued by the Assay Office. The GSO is developing a voluntary quality mark for the GCC area.

37. Ten categories of imported products are under the control of BSMD, and are subject to specific requirements (Table III.5). A new safety programme for ten electric home appliances entered into force on 1 January 2007.²⁰

38. Bahrain is a member of the Arab Centre for Standardization and Metrology in the Arab Organization for Industrial Development and Mining (AIDMO); and is a full member of the International Organization for Standardization (ISO), and the International Organization of Legal Metrology (OIML). Bahrain has also signed a memorandum of understanding on technical cooperation in standardization, quality, and metrology with Egypt, Iran, Jordan, Syria, and Yemen.

Table III.5
Import controls, 2007

Product	Category	Requirements
Tyres (passenger cars and trucks)	Mechanical systems and components for general use	Copy of: GSO conformity certificate for the models shipped stating compliance with the required standards; customs release document; and invoice of lot
Motor vehicles (passenger cars and trucks)	Mechanical systems and components for general use	Copy of: GSO conformity certificate for the models shipped stating the compliance with the required standards; customs release document; and invoice of lot
Car batteries – lead-acid starter batteries used for motor cars and internal combustion engines	Mechanical systems and components for general use	Copy of: GSO conformity certificate for the models shipped; and customs release document conformity certificate from the manufacture complying to the technical regulation based on GCC standard N° 34-35/1984 for controlling lead-acid starter batteries used for motor cars and internal combustion engines and its methods of test; the certificate is valid for one year

Table III.5 (cont'd)

¹⁹ Since 2000, two other Bahraini-specific standards, on safety and warehouses for foodstuff, have been converted to GCC standards.

²⁰ HS 8509.8090 items (WTO document G/TBT/N/BHR/5, 24 May 2006).

Product	Category	Requirements
Cigarettes - general	Food and agriculture	Visual inspection of samples to assure that: the nicotine yield shall not exceed 0.6 mg/cigarette, the tar yield shall not exceed 10.0 mg/cigarette, and the carbon monoxide yield shall not exceed 12mg/cigarette. The following labelling information must be available: trade mark, number of cigarettes (max. 20 cigarettes per packet), name of producer or importer, packaging date (month – year), and batch number; customs release document; invoice of lot The following warning shall be printed on the front side of the packet in both Arabic and English with clear letter size not less than black 8: "Health warning: smoking is the main cause for lung cancer and diseases and for heart and arteries diseases". The colour of the packets or letter shall not affect the clarity of such warning
Asbestos – importing, manufacturing, and circulation of asbestos materials and products	Chemical product	Documents stating that the item is free from asbestos: Conformity certificate from the manufacture or Declaration of "asbestos free products" on the package Otherwise: A sample from the consignment will be tested at the cost of the importer, and goods released/rejected according to the results
Household electrical appliances	Electrical product – selected items	Approval of Bahrain Standards and Metrology Directorate (BSMD) for importing the electrical products; safety mark on the regulated products; customs release document; and invoice of lot Otherwise: A sample from the consignment will be tested on the cost of the importer, and goods released/rejected according to the results
Toys – importing children's toy	Mechanical and chemical	None, under study
Lavatory flush tanks	Building materials	None, under study
Weighing scales, weights, measuring tapes and meters	Metrology	A signed declaration for not selling the scales before obtaining calibration certificate from BSMD
Food	Food and agriculture	Requirements are determined by the Ministry of Health for verification of conformity of food (Law N° 3/1985 concerning the control of foodstuff)

Source: Information provided by the Bahraini authorities.

(b) Sanitary and phytosanitary measures

39. The national enquiry point and notification authority on food safety is the Directorate of Public Health under the Ministry of Health. Bahrain's national enquiry point for plant health is the Directorate of Plant Health under the Ministry of Municipal Affairs and Agriculture (MMAA), while the notification authority on SPS is the Directorate of Foreign Trade Relations under the MIC.

40. Bahrain has made seven SPS notifications since becoming a WTO Member. Recent notifications relate to draft mandatory standards on table olives, canned fruit cocktail, and grape juice.²¹ All SPS measures are published in the *Official Gazette*. Bahrain is a member of the World Organization for Animal Health (OIE), the International Plant Protection Convention (IPPC), and Codex Alimentarius.²² In 2005, Bahrain notified the adoption of International Codex Standards regarding food additives, food contaminants, pesticides, and veterinary drugs.²³

41. According to the Red Sea Livestock Trade Commission, Bahrain is free of animal diseases. Since 2003, Bahrain has been applying the GCC Laws on Veterinary Quarantine and Plant Quarantine. Imports, exports, and domestic production of plants and animals are subject to inspection

²¹ WTO documents G/SPS/N/BHR/5-7, 7 November 2005.

²² WTO document, G/SPS/GEN/49/Rev.7, 26 July 2006.

²³ WTO document G/SPS/GEN/537, 18 January 2005.

by the Agricultural Quarantine Unit (AQU) of the MMAA. The AQU also examines and issues SPS certificates for all agricultural products prior to their export.²⁴ All imports of plants must be accompanied by agricultural clearance certificates issued by the appropriate authorities in the country of export. Phytosanitary certificates are also required for imports of flour, rice, wheat seed, and agricultural seeds and plants.

42. A health certificate and prior permission from the MMAA is required to import live animals from all countries. For pets, health certificates are required for all birds; cats and dogs may be imported from all countries, but must be accompanied by a health certificate and certificate from the competent authority stating that the animal is free from rabies.

43. Imports of foodstuffs are inspected organoleptically²⁵ by the Ministry of Health to ensure that they are free from physical or visible contaminants. Samples are drawn from shipments for laboratory analysis according to a predetermined plan. All consignments that are imported for the first time are analysed before release. Results are assessed against GCC and Codex Alimentarius standards to ensure that imported food items are safe for human consumption. Unfit foodstuffs are rejected at the port of entry; they are either destroyed or returned to the country of origin (the decision is left to the importer).²⁶ According to the authorities, the same treatment applies to locally produced foodstuffs. Poultry and poultry products from countries affected by Avian Flu must be accompanied by a certificate indicating that they were free from Avian Flu 15 days prior to slaughter. Imports of bovine origin from Europe and Japan are prohibited on grounds of bovine spongiform encephalopathy (BSE). Potassium bromate is also banned, regardless of its origin, as is titanium dioxide used in tahina (sesame paste) and tahina sweet. All eggs must be stamped.

44. Due to SPS considerations, Bahrain is still unable to export fish products to the European Union. Additionally, Bahrain cannot export shrimp to the United States as the correct turtle exclusion device (TED) is not in use (Chapter IV(2)(iii)).

(c) Marking, labelling, and packaging requirements

45. Bahrain is updating its packaging and product labelling standards on the GSO norms. Some GCC standards, in particular shelf-life standards, have been criticized for being too restrictive.²⁷ To address this situation, on 18 February 2004, Bahrain replaced its GCC production shelf-life requirements on the basis of Ministerial Order No. 3/2004.

46. Labels must be in Arabic, although a small number of products with labels only in English may be approved, on a case-by-case basis, for marketing test purposes. Food labels must contain product and brand names, production and expiry dates, country of origin, name of the manufacturer, net weight in metric units, and the list of ingredients and additives in descending order of importance.²⁸

47. As an Islamic country, Bahrain has strict marking and labelling requirements for meat and poultry products, including that the product was slaughtered according to Islamic halal procedures, if so required. Products containing pork should be labelled accordingly. Packaged fresh or frozen meat and poultry must also carry the following information: bilingual labelling, of which one language must be Arabic; country of origin; production (slaughtering or freezing) and expiry dates, including

²⁴ WTO (2000).

²⁵ Organoleptically refers to the physical properties of food, such as colour, smell, taste, and texture.

²⁶ Any complaint is examined by a Committee of experts, and a decision is made to accept or reject the consignment.

²⁷ U.S. Department of State (2005).

²⁸ GCC Technical Regulation No. 9 of 1995.

the name of the month; shelf life of the product; metric net weight; and product identification. Pre-packaged processed meat and poultry must be accompanied by production and expiry dates as well as the net weight of the product.

48. Ministerial Order No. 33/2005 provides for national voluntary standards on general-purpose polythene bags (e.g. shopping and garbage bags).

(viii) Government procurement

49. Bahrain adopted a new government procurement regime through Legislative Decree No. 36/2002 (Law Regulating Government Tenders and Purchases), and Decree No. 37/2002 (Implementing Regulations of the Law Regulating Government Tenders and Purchases).²⁹ The main objectives of the regime are, *inter alia*, to: protect public funds and prevent the influence of personal interests on tendering formalities; encourage participation of, and provide fair treatment to, suppliers and contractors; and achieve transparency in all phases of government purchasing procedures.³⁰

50. Article 8 of the Decree established the Tender Board (TB) as an independent body that reports directly to the Council of Ministers. The TB's main responsibilities are to oversee and supervise all tendering, purchasing, and awarding processes related to the public sector and government-owned organizations. In January 2003, the TB empowered individual ministries and departments to process projects valued at less than BD 10,000. The TB is composed of the Chairman, Deputy Chairman, and seven other members. The term of office for members of the TB is two years, renewable only once³¹, all are appointed by Royal Decree.

51. The tendering procedures specified in the new regime are: (i) public tender, either local or international³², as the main method for the purchases of goods or construction; (ii) limited tenders, applied, for example, if there is a limited number of suppliers, or the intended purchase is of small value that does not justify a large number of bids; (iii) negotiated tenders, applied, for example, if at the end of public procedures, no tender is submitted, and when goods cannot be identified by precise specifications; (iv) direct purchase, if it is established that the needs can only be supplied by a single source; and (v) requests for proposals, the main method for services, through local or international advertisement, or in a specialized publication, or applications for pre-qualification.³³ Despite the improvements over the previous procurement regime, some firms have indicated that the new procedures are not always strictly followed, and that it may still be important to have a local representative with strong connections.³⁴

²⁹ According to the authorities, the new regime was based on the UNCITRAL Model Law on Procurement of Goods, Construction, and Services.

³⁰ In general, the previous government procurement regime had been criticized for its lack of transparency. In addition, contracts were not always decided solely based on price and technical merit (U.S. Department of State, 2005b).

³¹ Article 9 of Legislative Decree No. 36/2002 allows for one third of the TB members to be reappointed for a further two-year term.

³² The criteria for choosing between local and international tenders are based upon the nature of the goods, construction or services to be purchased; volume; complexity; and standards required. The TB is empowered to select an international tender based on such criteria. A local tender is limited to companies and organizations registered in Bahrain (GCC companies are considered as local), and are advertised in one or two local newspapers, or as deemed appropriate by the TB, while international tenders are advertised in Bahrain and abroad in both Arabic and English. In all cases, the TB may advertise in other media of wider circulation. Public procurement, through tendering, for BD 1 million or more must be advertised in the *Official Gazette*.

³³ Requests for submissions of proposals may be made directly to a number of suppliers if: the services are unavailable except with a limited number of suppliers; the costs of the evaluation exceeds the value of the required services; and confidentiality or national interests so require (Article 51 of Legislative Decree No. 36/2002).

³⁴ U.S. Department of State (2005a).

52. Under Article 35 of the Decree, the TB must award the tender to the bidder who offers the best terms and the lowest price.³⁵ The successful bidder must submit a performance bond within ten days for local tenders or 20 days for international tenders of notification of the provisional intention to award the contract (this may be extended, in both cases, by a further ten days). The amount of the performance bond is determined by the TB on the basis of the nature and value of the project.³⁶ Successful bidders must be notified individually. All final awards are published in the *Official Gazette*, in the press, and on the TB's website.³⁷ The TB also publishes online, both in Arabic and English, the weekly list of tenders that have been opened, those that will be opened during the year, and the dates of each tender. During 2007, the TB is expected to implement its e-tendering project, with the aim of modernizing the procurement process and enhancing the participation of foreign companies.

53. Complaints may be submitted in the first-instance, for reconsideration by the procuring entity and/or the TB, prior to the contract coming into effect. A decision is to be taken within 30 days after the complaint is made.³⁸ Judicial review is available for contractors or suppliers to challenge the decisions taken by the procuring entity or the TB before the competent law courts within 60 days after the decision is made.

54. Under Prime Ministerial Edict No. 21/1987, preferences are given for goods produced in Bahrain and in other GCC States, provided that the prices of these goods are within specified margins of the value of their imported equivalents (10% for goods produced in Bahrain and 5% for goods produced in the GCC).

55. The TB has awarded 5,653 tenders since its inception (up to 2006), with a total estimated value of BD 2,317 million (BD 1,942 million in award value) (Table III.6).

Table III.6
Government procurement, 2002-06
(Million Bahraini dinar)

	2002	2003	2004	2005	2006 ^a
Total	444.5	437.6	429.1	515.5	729.5
Local	390.3	400.1	383.9	475.8	662.4
Foreign	54.2	37.5	45.2	39.7	67.1
Services	102.1	119.4	123.4	135.3	153.2
Local	93.1	109.1	111.3	121.2	130.9
Foreign	9.0	10.3	12.1	14.1	22.3
Goods	51.3	59.1	65.1	115.2	119.0
Local	50.3	58.9	64.6	114.7	118.6
Foreign	1.0	0.2	0.5	0.5	0.3
Construction	291.0	259.1	240.6	265.0	457.3
Local	246.8	232.1	208.0	240.0	412.8
Foreign	44.2	27.0	32.6	25.0	44.5

a Preliminary estimates.

Source: Information provided by the Bahraini authorities.

56. Bahrain is neither a member of nor an observer to the WTO Plurilateral Agreement on Government Procurement.

³⁵ The TB estimates in monetary terms, where possible, all the criteria of comparison between tenders, such as maintenance costs and quality.

³⁶ If the winning bidder fails to submit the performance bond within the deadline, he/she is deemed to have withdrawn from the tender, and cannot participate in tenders for at least one year. The performance bond is returned when a supplier or a contractor fulfils the terms of contract.

³⁷ See TB online information. Viewed at: <http://www.tenderboard.gov.bh>.

³⁸ Complaints in case of local tenders are to be filed within ten days of becoming aware of the decision or action, and 20 days in the case of international tenders. According to Article 56 of Legislative Decree No. 36/2002, a refusal must be substantiated. However, if no decision is taken with respect to the complaint within the 30 days, it shall be deemed as an implicit rejection.

(ix) Local-content requirements

57. Bahrain has not notified any trade-related investment measures (TRIMs) to the WTO. However, local-content requirements have been specified in some assistance programmes, such as the Human Resource Development Support Programme in the manufacturing sector (HRDS), which was eliminated at the end of 1998³⁹; and under the Industries Support and Protection Law, Legislative Decree No.11/1985, which was phased out in 2005 (section (4)(i) below).⁴⁰

(x) Other measures

58. The authorities indicate that no agreements have ever been concluded with foreign governments or foreign firms to restrict exports to Bahrain. The Secretariat has not been informed of any countertrade arrangements involving the government. Bahrain does not maintain any compulsory reserve stocks, and has never taken any measures for balance-of-payment purposes.

(3) MEASURES DIRECTLY AFFECTING EXPORTS

(i) Registration and documentation

59. Exports (like imports) may only be carried out by companies or individuals who are registered with the commercial registry at the MIC and are members of the BCCI. Documents required for exports include the commercial invoice and a certificate of origin stamped by the Chamber of Commerce. Additional documentation may be required by the Directorate General of Customs if exports of the products are restricted, e.g. if they are subject to permits from the relevant Ministries.

(ii) Export duties and taxes

60. Bahrain abolished export duties on 1 September 1986. Export fees on ready-made clothes were eliminated in 2005.

(iii) Export prohibitions and restrictions

61. Bahrain prohibits exports of some products including certain foodstuffs and fuels (Table III.7). Export restrictions apply to, *inter alia*, live horses, camels, and antiques (Table III.8).

Table III.7
Prohibited exports, 2007

HS Code	Product description	Authority
0106.3920	"Bul-bul" bird	Crown Prince Court
2707.1000	All kinds of fuel as subsidized goods like diesel	National Oil and Gas Authority
2707.3000		
2711.3100		
..	All kinds of flour as subsidized goods	Ministry of Industry and Commerce
0105.9410	Fresh chicken of trade mark "Delmon"	Ministry of Industry and Commerce
..	Red meat as subsidized goods	Ministry of Industry and Commerce

.. Not available.

Source: Information provided by the Bahraini authorities.

³⁹ Under the HRDS, all manufacturing industries employing a certain percentage of Bahraini personnel were given an annual cash grant to a maximum of 40% of the company's value added (WTO, 2000).

⁴⁰ To qualify for protection under Legislative Decree No.11/1985, local (including GCC) content had to be at least 20% in the first three years of production, rising to over 40% within the next five years (WTO, 2000).

Table III.8
Restricted exports, 2007

HS Code	Product description	Authority
0101.1010 0101.9010 0101.9020	Live horses	Equestrian and Horse Racing Club
0106.1910	Camels	Royal Court
0602.2010	Palm tree offshoot	Ministry of Municipality and Agricultural Affairs
..	Garbage, wastes	Public Commission for the Protection of Marine Resources, and Wildlife Environment
9706.0000	Antiques	Ministry of Information

.. Not available.

Source: Information provided by the Bahraini authorities.

(iv) Export subsidies, finance, insurance, and assistance

62. Duty and tax concessions are granted under the "import for re-export", "temporary admission", or "transit" regimes. Importers using the import for re-export regime make a deposit or provide a bank guarantee in lieu of duty, which is refunded/released on proof of re-export. Goods remaining in Bahrain after 180 days are liable for duty payment. The same treatment also applies to goods declared under temporary admission, such as goods imported for exhibitions; equipment used in construction, scientific research, development projects; and items for repair or maintenance, except that the goods must be re-exported within a maximum of three years. Importers do not need to hold a trading licence if they are engaged in re-export, temporary admission, or transit.

63. Merchandise received on a "through-bill-of-lading", for a destination outside Bahrain and dispatched overland, is cleared on a "transit bill". A deposit or guarantee is required by the Directorate General of Customs, and is refunded on proof of exit of the goods from Bahrain within 30 days of the date of the transit bill. If the consignment is dispatched by sea, directly from the port (ship-shore-ship or ship-to-ship), the goods are cleared on a transshipment bill.

64. Customs duties are also suspended for goods stored in government bonded warehouses, until re-export, whereupon duties are cancelled. If the goods are sold in Bahrain instead of being re-exported, the appropriate duties are levied. The Directorate General of Customs may inspect all goods stored in bonded warehouses.

65. Duty drawback is allowed under Article 16 of the Executive Supplementary Notes to the GCC Customs Law. It permits exporters to recover the duty paid on an imported product once the product is re-exported from Bahrain. The qualifying conditions include: that the exporter is also the original importer of the product; that the original c.i.f. value of the re-exported goods is not less than BD 1,890 (around US\$5,000); that the goods are re-exported within three years of payment of the import duty, in the same condition and packaging as when they were imported; and that the exports are not restricted or granted protective duty under Bahraini Law, unless prior permission is obtained from the relevant authority.⁴¹ Proof is required that the goods being exported are identical to the goods that were imported. The Directorate General of Customs imposes a service charge of 0.5% of the c.i.f. value of the goods if the customs duty did not exceed 20%; and 1% of the c.i.f. value of the goods with customs duty above 20%.

⁴¹ Customs Handbook, Resolution No. 2 (1986) Regarding Drawback of Import Duty paid on foreign goods, on re-export.

66. The Bahrain Development Bank (BDB), owned by the Government, is the country's primary financial development institution. It was established in 1992 to encourage and develop investment, meet the financing needs of small and medium-sized enterprises (SMEs), and help diversify Bahrain's economic base.⁴² The BDB facilitates exports by SMEs through, *inter alia*, export financing for goods manufactured in Bahrain, and providing project loans at market interest rates, as well as flexible grace periods (of up to 3 years), and repayment terms.

(v) Free zones

67. Bahrain has two free zones, one at Mina Salman, the main port, and the other in the North Sitra Industrial Estate. A third free zone is being established, the Mina Khalifa bin Salman Port and Industrial Area, and is expected to start operations in September 2008.⁴³ Mina Salman provides a free transit zone to facilitate duty-free imports of equipment and machinery. Light processing activities (e.g. labelling, packaging), either for the local market or for exports, may be carried out in the free zones. In addition, all raw materials and most capital goods intended for processing in Bahrain may be imported in these zones duty-free. Bonded warehouses may also be used for storage provided certain customs procedures are fulfilled. According to the authorities, no distinction is made between locally- and foreign-owned companies in respect of access to the free zones or bonded warehouses. The relevant customs duties must be paid on sales of products from the free zones on the GCC market.

(4) MEASURES AFFECTING PRODUCTION AND TRADE

(i) Incentives

68. Bahrain offers various investment incentives to national and foreign investors. Their purpose is to encourage and orient investments, in order to promote the country's development objectives; encourage the use of and add value to local products; promote exports; and introduce new industries, products, and technologies.⁴⁴

69. In addition to import duty concessions (section (2)(iv)(c) above), other general incentives for all investors include: short- and long-term loans with low interest rates (by national comparison) from the Bahrain Development Bank for financing capital assets, and a core portion of working capital for small and medium-sized industrial projects; low rents (by national comparison) for land in government industrial areas⁴⁵; low energy tariffs (by national comparison) for production; and flexible regulations and procedures to import workforce.⁴⁶

70. Subsidies presently provided in the manufacturing sector are: free entry of machines, equipment and raw material; a reduction in electricity tariffs from 16 fills per k/h to 12 fills per k/h for investors in the sector; and a five-year grace period on rent payment for land in the industrial zones. These subsidies are the same for local and foreign investors.⁴⁷ The Human Resource Development

⁴² BDB online information. Viewed at: <http://www.bdb-bh.com>.

⁴³ The Mina Khalifa bin Salman Port and Industrial Area free zone will cover 1 million square km, and will provide warehousing space and plots of land for long-term lease to logistic companies.

⁴⁴ Ministry of Industry and Commerce (2006).

⁴⁵ Since January 2001, foreign firms can lease industrial land in Bahrain for a maximum of 50 years. The Industrial Area Directorate at the MIC oversees long-term land leases. Government lease arrangements are governed by Legislative Decree No. 28/1999 on the Establishment and Organizing of Industrial Areas.

⁴⁶ A new Labour Law No. 73/2006 replaced Law No. 23/1976.

⁴⁷ WTO document G/SCM/N/38,48,60/BHR, 26 July 2000.

Support Programme for manufacturing (HRDS) was terminated at the end of 1998⁴⁸, and Legislative Decree No. 11/1985, which supported infant industries, was phased out in 2005 (section (2)(ix) above).⁴⁹

71. The Government currently provides food support (flour and meat) to all persons in Bahrain, through the sale of these products at below-market prices, although, non-subsidized meat products, priced substantially higher, are also available to consumers. Domestic agricultural production is also subsidized; the Government provides most inputs to farmers, such as material for irrigation, pesticides, and poultry feed, at below-market prices. Electricity, water, and sewerage services are also provided at below-market costs.

(ii) Competition policy and price controls

72. Bahrain has no competition legislation, *per se*. However, Articles 59-64 of the Law of Commerce, No. 7 of 1987, deal with unfair competition, and under Amiri Decree No. 18/1975, monopolies are to be eliminated. According to the authorities, competition policy is to be dealt with in the context of the draft Law on Consumer Protection, expected to enter into force during 2007.⁵⁰ The Consumer Protection Directorate, under the MIC, aims, *inter alia*, to prevent unfair trade practices (e.g. cartels).

73. Certain products, such as gas, flour, meat, local bread, poultry, petroleum, electricity, and water, as well as some services (e.g. air transport, postal, and tourism) are subject to consumer subsidies/price controls (Chapter IV(3) and (5)). In general, the prices set for these goods and services by the relevant companies are subject to approval by the Council of Ministers. In addition, consumption of livestock imported from Australia is subsidized: the subsidy is on the slaughter price.

(iii) State-owned enterprises and privatization

74. The public sector in Bahrain is one of the largest employers and still has a direct and strong influence on the economy. It includes the Central Government; the General Organization for Social Insurance (GOSI), a pension fund for private sector employees and a workers' compensation fund for expatriates in the public sector; five municipalities; and several state-owned enterprises (SOEs). The contribution of SOEs to the economy remains significant, for example, Aluminium Bahrain (ALBA) and Bahrain Petroleum Company (BAPCO) dominate production in their respective industries.

75. A new fully state-owned holding company, Mumtalakat Holding Company (MHC), has taken over the government shares in several companies (Table III.9). Oil-related SOEs (e.g. BAPCO and BANAGAS) are not in the portfolio of MHC; they are under the National Oil and Gas Authority (NOGA).

76. Over the last few years, the role of the State has been gradually redefined as that of a policy maker and regulator rather than producer of marketable goods. The Government is seeking to foster greater private sector participation in the economy, so as to increase its contribution to investment and economic growth, to diversify the economic base, and to maintain social peace and security. Decree

⁴⁸ The HRDS, *inter alia*, provided: incentives for the employment of Bahraini personnel; a rebate of up to 50% on power charges; free rent in government industrial areas; and exemption from duty on imports of raw material and semi-finished goods (see WTO, 2000).

⁴⁹ Legislative Decree No. 11/1985 had granted tariff protection of up to 20% to selected national infant industries (e.g. medical plastic disposable products, aluminium hollow profiles, and some types of tissues) registered with the Industries Support and Protection Committee in the MIC.

⁵⁰ The draft Law on Consumer Protection is yet to be approved by Bahrain's Parliament.

No. 41/2002 with respect to policies and guidelines of privatization was enacted in October 2002. Article 4 stipulates that the privatization programme includes services and manufacturing, and, in particular: tourism, communications, transport, electricity and water, ports and airport services, oil and gas, and postal services.⁵¹

Table III.9
Selected state-owned enterprises, 2007

SOE	Field of activity	State ownership (%)
I. Under Mumtalakat Holding Company:		
Aluminium Bahrain (ALBA)	Aluminium	77
Bahrain Telecommunications Company (BATELCO)	Telecommunications	36.7
Tourism Projects Company	Tourism	100
International Circuit Company	Tourism (F1 racetrack)	100
Bahrain Flour Mills Company	Agriculture	65.7
Bahrain Livestock Company	Agriculture	25
Properties Company	..	100
General Poultry Company	Agriculture	100
Gulf Aluminium Rolling Mill Company (GARMCO)	Aluminium	37.29
Durrat Al Bahrain	Tourism	50
Bahrain International Golf Company	Tourism	14.29
Lulu Tourism Company	Tourism	50
Al Areen Spa	Tourism	33
Zallaq Resort Company	..	8.7
Southern Development	..	25
Huwar Islands Development Company	Tourism	100
Awali Properties Company	..	100
Huwar Holding Company	..	33.3
Bahrain Family Entertainment Company	Tourism	12.5
Arab Shipbuilding and Repair Yard Company (ASRY)	Shipbuilding	18.5
Bahrain Development Bank (BDB)	Financial services	100
Housing Bank	Financial services	100
National Bank of Bahrain	Financial services	49
Gulf International Bank	Financial services	12.1
Gulf Air	Air transport	50
Arabian Navigation Company	..	2.1
Arabian Marine and Petroleum Transport	Maritime transport	3.8
Arabian Petroleum Investment Company	Petroleum	3.0
Arabian Telecommunications Est	Telecommunications	2.5
Arabian Investment Company	..	1.7
Arabian Pharmaceutical Industries Company	Pharmaceutical	0.9
Islamic Finance House	Financial services	0.2
McLaren Company	Automotive	30
Arabian Petroleum Services	Petroleum	3.0
Gulf Investment Corporation	..	16.7
II. Under National Oil and Gas Authority:		
Bahrain Petroleum Company (BAPCO)	Oil and gas	100
Bahrain National Gas Company (BANAGAS)	Gas	75
Gulf Petrochemical Industries Company (GPIC)	Petrochemicals	33.3
Bahrain Aviation Fuelling Company (BAFCO)	Fuels	60

.. Not available.

Source: Information provided by the Bahraini authorities.

77. The Supreme Privatization Council was created in March 2001 to manage the privatization programme. The Council of Ministers delegates to the Ministry of Finance, in coordination with the EDB and the ministries concerned, the administrative and technical preparations needed to implement the privatizations. Decisions to privatize, liquidate, or commercialize SOEs are made on a case-by-case basis. The revenue from the privatization programme is deposited in the general reserve of the

⁵¹ U.S. Department of State (2005a).

State and spent, on a discretionary basis, on, *inter alia*, restructuring operations needed for privatization and to cancel any due debts, and to finance retraining of the staff in the privatized companies.

78. Under Law No. 41/2002, the Privatization Committee (PC) was established in 2006 to make policy decisions on privatization. It is composed of representatives of the EDB and the Ministry of Finance; the Minister of Finance acts as Chairman.⁵² Bahrain, together with the World Bank, has drawn up a blueprint for its privatization and outsourcing programme. Some of its main elements are: creation of the PC to ensure proper coordination between central agencies; implementation of the privatization programme and launch of privatization projects according to clear and defined standards; establishment of multi-sector regulators to oversee service delivery; and outsourcing of government services where feasible.⁵³

79. Some of the most important SOEs privatized since 2000 include: Bahrain Aluminium Extrusion Company (BALEXCO); Al Ezzel Power Plant; Hidd Power Plant; and Transport Directorate (passenger buses). The management of the ports (both Mina Salman and Mina Khalifa bin Salman) has been under a 25-year concession to AMP Mueller since 2006⁵⁴, while Aluwheel (an aluminium company) and Bahrain Alloy Manufacturing Company (BAMCO) have also been under concessions. In the coming years, more privatizations are expected, including postal services, sewerage, electricity and water plants, and the Equestrian and Horse Racing Club.

80. Bahrain privatized the importation of live sheep from Australia on 1 January 2001⁵⁵, and starting 1 January 2006 the private sector is free to import fresh or frozen meat from any country. Previously, Bahrain had notified the WTO Working Party on State Trading Enterprises that the MIC is considered as a state-trading enterprise within the meaning of Article XVII:4(a) of the GATT 1994. According to the notification, the products covered are imports of live sheep from Australia because of religious reasons (Halal), and cultural preference to consume only fresh meat slaughtered in accordance with Islamic principles. Alumina, used in the production of aluminium, is imported only by the state-owned Aluminium Bahrain (ALBA).

(iv) Intellectual property rights

(a) Overview

81. As part of its harmonization efforts within the GCC, and in accordance with its commitments under the WTO TRIPS Agreement, Bahrain has recently enacted new legislation on patents, copyrights, trade marks, trade secrets, geographical indications, integrated circuits, and industrial designs. In addition, a law on plant varieties is in the legislative process (Table III.10).⁵⁶ The United

⁵² A new Directorate of Privatization and Outsourcing will provide secretarial services to the PC.

⁵³ A draft Prime Ministerial Order has been prepared on how privatization will be conducted. It also defines the areas of responsibility of the Ministry of Finance, EDB, and other relevant ministries and stakeholders.

⁵⁴ The ports will be managed by a state-owned company before the end of five years from the date of the concession.

⁵⁵ From 1 January 2001 until 31 December 2005, the function of importing live sheep from Australia was passed from the MIC to the Bahrain Livestock Company, a private enterprise (WTO document G/STR/N/4,5,6/BHR, 27 February 2001).

⁵⁶ The proposed Plant Variety Bill grants breeders protection on new plant varieties. It is based on the UPOV Model law.

States removed Bahrain from its Special 301 Watch List in 1999 in recognition of its improved IPR protection.⁵⁷

82. The main institutions responsible for intellectual property matters are: the Industrial Property Directorate (IPD) of the MIC, which includes the National Patent Office, the Trademark Office, and the Industrial Property Control Section; the Copyright Protection Office (CPO) within the Ministry of Information; the Directorate General of Customs for matters related to border measures; courts of law for enforcement issues; and the GCC Patent Office (based in Riyadh, Saudi Arabia).

Table III.10
Summary of IPR legislation in Bahrain

IPR	Main legislation	Duration of protection	Minimum duration of protection under TRIPS
Copyright	Law No. 22 of 2006 on Copyright and Neighbouring Rights	Life of author plus 20-70 years	Life of author plus 50 years
Patents	Law No. 1 of 2004 (as amended by Law No. 14 of 2006) on Patents and Utility Models	20 years from the date of filing for patents; and 10 years from the date of filing for utility models.	20 years from date of filing
Trade marks	Law No. 11 of 2006 on Trademarks	10 years, renewable indefinitely for periods of ten years	At least seven years; renewable indefinitely
Trade secrets	Law No. 12 of 2006 (amending Law No. 7 of 2003)	Five years for new pharmaceutical products and ten years for new agricultural/chemical products (from date of approval)	No specific period
Geographical indications	Law No. 16 of 2004 on Protection of Geographical Indications	Not specified	Unlimited
Integrated circuits	Law No. 5 of 2006 for Integrated Circuits	10 years from date of filing or the first commercial exploitation, whichever is earlier, and renewable for five years.	Ten years from first commercial exploitation
Industrial designs	Law No. 6 of 2006 for Industrial Designs	10 years, renewable for five years	At least ten years
Plant varieties	Plant Variety Bill	Not specified	No specific period

Source: Information provided by the Bahraini authorities.

83. Bahrain is party to various intellectual property treaties and conventions. It acceded to the WIPO Convention (in June 1995); the Paris Convention on the Protection of Industrial Property (in October 1997); and the Berne Convention on Literary and Artistic Works (in March 1997). In December 2005, Bahrain acceded to five additional treaties: the Patent Law Treaty (PLT); the Madrid Protocol (Madrid Agreement Concerning the International Registration of Marks); the Nice Agreement on International Classification of Goods and Services; the WIPO Copyright Treaty (WCT); and the WIPO Performances and Phonograms Treaty (WPPT).⁵⁸ In March 2007, Bahrain also became party to the Patent Cooperation Treaty (PCT), and to the Trademark Law Treaty (TLT). According to the authorities, Bahrain is in the process of becoming party to: the Vienna Agreement Establishing an International Classification of the Figurative Elements of Marks; the Budapest Treaty on the International Recognition of the Deposit of Micro-Organisms for the Purpose of Patent Procedure; and to the International Union for the Protection of New Varieties of Plants.

⁵⁷ U.S. Department of State (2005a).

⁵⁸ WIPO online information. Viewed at: http://www.wipo.int/clea/en/clea_tree1.jsp?expand=BH#BH.

84. Bahrain's intellectual property legislation was reviewed by the WTO TRIPS Council in June 2001.⁵⁹

(b) Patents

85. Law No. 1/2004 (as amended by Law No. 14/2006) on Patents and Utility Models replaced the 1955 Law on Patents, Designs and Trademarks. Under the law, the definition of the patentable subject matter was changed to conform with Article 27 of the TRIPS Agreement. Technical inventions based on human necessities, performing operations, chemistry, physics, pharmaceuticals, biotechnology, and mechanics are patentable provided they are new, involve an inventive step, and are capable of industrial application. Pharmaceutical products are also patentable. The decision to grant a patent or utility model is published in the *Official Gazette* for opposition by any interested party within sixty days of publication. Once granted, patent protection is for 20 years from the date of filing, while for protection of utility models is 10 years from the filing date of the application. In both cases, annual maintenance fees (ranging from BD 40-76 for individuals, and from BD 80-152 for companies) are due from the beginning of the second year until expiry of the protection period.

86. The new patents regime also established the mechanism and conditions for the granting of compulsory licences. The assignment has no effect against third parties unless it is registered at the National Patent Office in the IPD, and published in the *Official Gazette*. Compulsory licences have not been granted so far, and there is no provision on parallel imports of patented products.

87. Under Article 11 of Law No.1/2004, patent owners have the exclusive right (as provided for under TRIPS Article 28.1) to assign the patent, or have it transferred by succession, as well as the right to conclude licensing contracts. The law also prescribes punishment for infringement of the rights of a patentee (section (h) below).

88. Pursuant to Decision No. 54/2006, the IPD began accepting filing of patent and utility model applications on 14 June 2006, and the Implementing Regulations of Law No. 1 of 2004.⁶⁰ The examination of patent and utility model applications is to be conducted by trained staff with the support of national and international authorities. According to the implementing regulations, the following documents are required: power of attorney; certificate of incorporation (if applicant is not an individual); an abstract of the invention in English and Arabic; technical specifications of the invention in English and Arabic; and a certified copy of the priority document, if convention priority is claimed.⁶¹

(c) Copyright and neighbouring rights

89. Law No. 22/2006 on Copyright and Neighbouring Rights⁶², enacted on 25 June 2006 replaced the Copyright Law of 1993. To conform with Articles 12 and 14 of the TRIPS Agreement, Law No. 22/2006 increased the term of protection (the author's lifetime plus 70 years), introduced protection to neighbouring rights, and provided retroactive protection. Copyright protection covers

⁵⁹ WTO document IP/Q-Q4/BHR/1, 6 December 2001, contains the introductory statement made by Bahrain, as well as the questions posed and answers given during the review.

⁶⁰ Published in the *Official Gazette* No. 2738, 10 May 2006.

⁶¹ The certificate of incorporation and the priority document may be submitted within three months from filing the patent or utility model. The specifications may be submitted within four months from the filing date. The remaining documents must be submitted at the time of filing. The application would be deemed abandoned if the applicant fails to submit the documents as indicated. The MIC has an online patent, trade mark, and design registration service at: <http://www.industry.gov.bh/english/>.

⁶² Published in the *Official Gazette* No. 2745, 28 June 2006.

books, pamphlets and other writings, lectures, sermons, dramatic works, musical works, musical compositions, cinematographic works, works of drawing, painting, architecture, sculpture, engraving, photographic works, works of applied art, illustrations, maps, plans, sketches and three-dimensional works as well as computer programs. The neighbouring rights covered by the new law are performers, producers of sound recordings, and broadcasting organizations. Law No. 22/2006 also asserts the literary and economic rights of the copyright holders and their successors. Moreover, it introduces the principle of rental rights as required under TRIPS Article 11.

90. Law No. 22/2006 gives authors and their successors in title the right to authorize or prohibit the commercial rental to the public of originals or copies of their copyright works within the limits allowed under Article 11 of the TRIPS Agreement. It also provides for moral rights, and regulates acts permitted without the authorization of the right holder, such that those acts, whenever allowed, are within the limits stipulated under the Berne Convention and the TRIPS Agreement. In order to ensure protection and deter possible violations, penalties for copyright infringements have been stiffened (section (h) below).

(d) Trade marks

91. Law No. 11/2006 on Trademarks repealed the Trademarks Law of 1991. Law No. 11/2006 regulates the procedures for application, publication and registration of trade marks, service marks, collective marks, and certification marks. It revised the definition of a trade mark to bring it into line with TRIPS Article 15.1; allows for smell and sound to be "registrable" as part of the mark; and introduces a definition of the concept of certification and collective marks. The decision to grant a trade mark is published in the *Official Gazette* for opposition by any interested party within sixty days of publication. Other features of the new law include: the introduction of priority rights for registration of well-known trade marks, allowing for their protection even if they are not registered (as provided under the Paris Convention); and granting privileges to the holder of a registered trade mark.⁶³

92. According to Law No. 11/2006, a likelihood of confusion is presumed where an identical sign is used without the owner's consent, for goods or services identical to those for which the trade mark is registered. The Law also grants temporary protection for trade marks used in local and international exhibitions. Article 19(b) of the Law protects a registered mark for ten years from the filing date; and the right holder may request the renewal, for equivalent periods during the last year of the term of protection. Registration may be cancelled by the Court if it is satisfied that the trade mark has not been used for an uninterrupted period of 5 years for no valid reason.⁶⁴

(e) Layout-designs (topographies) of integrated circuits, and industrial designs

93. Law No. 5/2006 for Integrated Circuits, and Law No. 6/2006 for Industrial Designs enacted on 29 April 2006⁶⁵, specify requirements for the registration, renewal, ownership transfer, and licensing of integrated circuits and industrial designs. Under the new regime, protection for industrial designs and for integrated circuits is for 10 years from the date of filing the application or the first commercial exploitation anywhere in the world, whichever is earlier. It is renewable once, for five years.

⁶³ For instance, owners may assign trade marks with or without the transfer of the business to which they belong.

⁶⁴ Under Article 4 of Law No. 11/2006, either use or intended use qualifies for registration.

⁶⁵ Published in the *Official Gazette* No. 2737, 3 May 2006.

94. Law No. 6/2006 adopts the definition of industrial designs provided for by Article 25.1 of the TRIPS Agreement, introduces the possibility of multi-designs per application for registration, and the concept of provisional measures as provided for by TRIPS Article 50. Law No. 6/2006 also incorporates the priority right for registration as provided under the Paris Convention, and allows for temporary protection for designs displayed in international and local exhibitions. In addition, cumulative protection is permitted under other laws (such as copyright) and other agreements and conventions to which Bahrain is a party. The registration system is based on non-examination and the law allows for opposition by third parties after registration.

(f) Trade secrets

95. At the time of its previous TPR, Bahrain did not have legislation on trade secrets. Law No. 12/2006 on Trade Secrets (amending Law No. 7 of 2003) regulates trade secrets and sets out measures to be taken against violations. Protection is for 5 years for new pharmaceutical products and 10 years for new agricultural-chemical products, from the date market approval was granted. It also incorporates the provisions of Article 39 of the TRIPS Agreement on protection of undisclosed information, and extends coverage to data exclusivity. Since Bahrain is a party to the Paris Convention, Article 10bis of that Convention on Unfair Competition is considered part of Bahrain's national law.

(g) Geographical indications

96. Law No. 16/2004 on the protection of geographical indications replaced Article 61 of the Law of Commerce⁶⁶; it is administered by the Trademark Office. Under Articles 1 and 3 of the law, geographical indications identify a good as originating in a territory or a region in a WTO Member or a State that deals with Bahrain on a reciprocal basis, where the quality, reputation or other characteristics of the good, which affect the sales promotion thereof, are essentially attributable to its geographical origin. Such indications are protected provided that they have acquired protection in the country of origin. The law explicitly states that any person may claim more favourable protection granted to a geographical indication under any agreement, convention or treaty to which Bahrain is a party. The law excludes protection for geographical indications that are not or cease to be protected in their country of origin, or which have fallen into disuse in that country.

(h) Enforcement

97. According to Article 41 of Law No.1/2004 on Patents and Utility Models, any person who commits an offence shall be penalized by imprisonment of not less than three months and not more than one year, and/or a fine of not less than BD 500 and not exceeding BD 2,000. Article 12 of Law No.1/2004 implements Article 34 of TRIPS with respect to the reversal of the burden of proof in judicial proceedings, where the subject matter of a patent is a process for obtaining a product. It also provides for the reversal of the burden of proof (TRIPS Article 37.2), i.e. the burden of proof will be on the alleged infringer only if there is a substantial likelihood that the identical product - which is the subject of the claim - was made by the patented process and provided that the patent owner has been unable through reasonable effort to determine the process actually used.

98. According to Law No. 22/2006 on Copyright and Neighbouring Rights, copyright violators are subject to a wide spectrum of penalties, including imprisonment ranging from three months to one year, and a fine ranging from BD 500 and BD 4,000. According to the authorities, most cases of copyright infringement in Bahrain relate to music and movies from Asia. Over the last two years, around 250,000 CDs and DVDs have been seized and destroyed by Customs.

⁶⁶ Law No. 16/2004 was published in the *Official Gazette* No. 2648, 18 August 2004.

99. Under Article 13 of Law No. 16/2006 on Geographical Indications, any person who misleads the public by indicating or suggesting through designation or presentation that a product originates in a geographical area other than its true place of origin, is liable to imprisonment of between three months and a year, and/or a fine of BD 500-2,000. This also applies to a person who uses a geographical indication in a manner that causes unfair competition and contradicts honest practices.

100. During the last few years, Bahrain has made significant progress in reducing copyright piracy, and no significant violations of patents and trade marks have been reported. Nevertheless, software piracy, which has shifted from retail to end-user violations, has been reported as problematic.⁶⁷ The Government's enforcement campaign began in late 1997, and was based mainly on inspections, closures, and improved public awareness. Since then, continuous monitoring by the CPO, both in Bahrain and, in cooperation with the Directorate General of Customs, at the border, has ensured a decline in rates of piracy. The CPO has been granted significant powers, including joint powers with the police to arrest alleged infringers and confiscate goods suspected of violating copyright laws. According to the authorities, the CPO may also act in an ex-officio capacity in taking action against alleged infringers.

101. According to Article 47 of Law No. 11/2006 on Trademarks, offenders will be penalized by imprisonment of not less than three months and not more than one year, and/or a fine of not less than BD 500 and not exceeding BD 4,000. Under Article 35 of Law No. 5/2006 on Integrated Circuits, any person who commits an offence is liable to imprisonment of not less than three months and not more than one year, and/or a fine of not less than BD 500 and not exceeding BD 2,000. The same penalties are set for offences under Article 30 of Law No. 6/2006 on Industrial Designs.

⁶⁷ U.S. Department of State (2005a).