



## Doing Business in Bahrain: 2012 Country

### Commercial Guide for U.S. Companies

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- [Chapter 1: Doing Business In Bahrain](#)
- [Chapter 2: Political and Economic Environment](#)
- [Chapter 3: Selling U.S. Products and Services](#)
- [Chapter 4: Leading Sectors for U.S. Export and Investment](#)
- [Chapter 5: Trade Regulations, Customs and Standards](#)
- [Chapter 6: Investment Climate](#)
- [Chapter 7: Trade and Project Financing](#)
- [Chapter 8: Business Travel](#)
- [Chapter 9: Contacts, Market Research and Trade Events](#)
- [Chapter 10: Guide to Our Services](#)

## Chapter 1: Doing Business in Bahrain

- [Market Overview](#)
- [Market Challenges](#)
- [Market Opportunities](#)
- [Market Entry Strategy](#)

### Market Overview

[Return to top](#)

- The United States and the Kingdom of Bahrain share a strong bilateral relationship based on a joint commitment to the security and stability of the region. Bahrain is a firm but discreet regional actor, taking an active role as a member of the Gulf Cooperation Council (GCC), which includes Saudi Arabia, Kuwait, the United Arab Emirates, Qatar and Oman. The Government of Bahrain is a monarchy with a population of 1.2 million (51% expats), ruled by King Hamad bin Isa Al Khalifa since 1999. Bahrain enjoys a liberal economy and lifestyle.
- Bahrain entered into a Free Trade Agreement (FTA) with the United States on August 1, 2006. The agreement seeks to expand and promote the scope of economic, commercial, investment, and trade relations between the two countries. Bahrain acceded to the World Trade Organization in 1995. In 2012, the Heritage Foundation listed Bahrain as the world's 12th freest economy – the highest ranking in the region. The World Bank's "Doing Business 2012" report ranks Bahrain at No. 38 out of 183 countries in the world for "ease of doing business" for foreign investors. Bahrain ranked 46 on Transparency International's Corruption Perceptions Index in 2011.
- Bahrain's almost \$22.6 billion (2010) GDP economy has been growing four to five percent per year between 2005 and 2010. In 2011, however, growth slowed to 1.5 percent, mainly due to civil and political unrest in Bahrain (**see Chapter 6, Political Violence**). Growth estimates for 2012 are between 2 to 3 percent. Bahraini citizens enjoy a per capita income estimated at \$17,850. The Government of Bahrain has kept its price inflation low and its currency stable (the Bahraini Dinar is pegged at .377 to one U.S. dollar).
- U.S. exports to Bahrain in 2010 reached \$1.213 billion, a decrease of 3 percent over the previous year, and resulting in a trade surplus of \$694.7 million. Corresponding U.S. imports from Bahrain were \$518.4 million, an increase of 23.4 percent. Bahrain is currently the 81<sup>st</sup> largest export market for U.S. goods. The stock of U.S. foreign direct investment (FDI) in Bahrain in 2009 was \$281 million; up from \$257 million in 2008.
- The U.S. is consistently one of Bahrain's leading trading partners with \$1.73 billion in U.S. exports to Bahrain in 2011, the highest on record. U.S. products that traditionally do particularly well are aircraft and motor vehicles, mechanical and electrical, and medical equipment. U.S. firms are also involved in major infrastructure projects. More than 180 U.S. companies are currently represented in Bahrain.
- Bahrain's economy is based primarily on dwindling hydrocarbon resources. Oil and gas revenue accounted for 78% of the Government's revenue in 2011. In 2010, the Kingdom of Bahrain initiated a \$5 billion project to modernize the country's oil and gas facilities and seek to

double oil production by 2013. In 2011, the Government increased fiscal expenditure and announced new projects in the oil & gas sector. Bahrain is not a member of Organization of the Petroleum Exporting Countries (OPEC).

- Due to its relatively limited energy reserves, Bahrain is diversifying its economy away from oil and gas production. The kingdom's long-term "Economic Vision 2030" development plan highlights the need for diversification by increasing the number of Bahrainis in the workforce ("Bahrainization"). The plan also seeks to raise the standards of industrialization, privatization, training and education of the Bahraini work force, establishing Bahrain as a regional center for human capital.
- The Government of Bahrain has actively sought to develop the transportation and communication infrastructure necessary to attract and foster international business. With the Government seeking to reduce Bahrain's reliance on oil, Bahrain has become a regional financial center with a regulatory infrastructure of high international standards. To overcome its small size, Bahrain has further sought to position itself as a regional services hub. After early success, the financial, telecommunications, and transportation sectors have faced stiff competition from Dubai and elsewhere. In its quest to increase foreign investment, the Government of Bahrain has targeted six "economic clusters" for further expansion: tourism, information and communication technology, health care, education and training, business services, and financial services. Downstream aluminum and petrochemicals industries also remain priorities.
- Based on the 2011-2012 budget, government expenditures accounted for approximately 26 percent of Bahrain's GDP. The Government is heavily involved in industry, with wholly or partially government-owned parastatals dominating certain sectors of the economy. In 2006, the Government transferred control of all parastatal companies to a quasi-independent holding company – Bahrain Mumtalakat Holding Company – to increase the productivity and the profitability of the Government's investments. Mumtalakat was also established to serve as a quasi-sovereign wealth fund to invest in international financial markets and international projects.

## Market Challenges

[Return to top](#)

- The divide between the government and the private sector is not well defined in Bahrain, leading to potential conflicts of interest. U.S. companies have noted a lack of transparency in government project tendering at times (see Chapter 6, Investment Climate). The GOB implemented a new tender law in January 2003 to promote a more transparent tendering process. The Tenders Board regulates and oversees most of the Government's tenders and purchases.
- Entrenched local business interests with government influence can cause problems for potential competitors. Interpretation and application of the law sometimes varies by ministry, and may be dependent on the stature and connections of an investor's local partner. Departures such as these from the consistent, transparent application of regulations and the law remain rare, and investors are usually pleased with government cooperation and support.
- Bureaucracy and poor coordination between ministries on occasion impedes new industrial ventures. The Government's priority of "Bahrainization" of the labor force – a quota system

requiring employers to employ a minimum percentage of Bahrainis – can lead to delays and confusion over work permit issuance and renewal. The Crown Prince launched a labor reform process seeking to promote the employment and training of Bahraini workers. The process resulted in legal changes in the labor field. Companies must pay 10BD for every non-Bahraini employee; a percentage of the funds collected gets transferred to a Labor Fund (Tamkeen), which facilitates capital transfers for training, enhancing performance of companies, and conducting seminars for small and medium businesses. This fee is currently suspended as of March, 2012, but companies should verify whether it has resumed prior to hiring non-Bahrainis.

- Periodically – usually due to the Bahraini Government’s efforts to promote greater numbers of Bahraini citizens in the workforce – foreign firms have problems obtaining required work permits and residence visas for expatriate employees. However, this is not a matter of high-level policy and can often be resolved on a case-by-case basis. All travelers to Bahrain face increased scrutiny from Bahraini authorities, and the Government of Bahrain has refused to allow some U.S. citizens permission to enter Bahrain.

## **Market Opportunities**

[Return to top](#)

- Bahrain offers a number of advantages as a business or investment destination, including the U.S.-Bahrain Free Trade Agreement (in force as of August 1, 2006), and a Bilateral Investment Treaty (BIT) with the United States (in force as of May 2001). English is widely spoken, and the openness of a centuries-old trade-based culture makes businesses and visitors feel welcome. The presence of the U.S. Navy's Fifth Fleet, and Bahrain's designation as a major non-NATO U.S. ally have given the island international recognition. Bahrain is connected to Saudi Arabia by the 25 km (16 mile) long King Fahad Causeway, permitting easy access to other GCC markets.
- Although oil and gas production will remain the backbone of Bahrain’s economy for years to come, the non-petroleum sector of the economy is making great strides. Growth areas include: finance, high value manufacturing and industrial services, information technology, health care and medical equipment, education and training, construction and engineering, ports, professional services, renewable energy construction, and tourism.
- The Government of Bahrain has substantially liberalized Bahrain's economy and deepened commercial ties with the United States. Bahrain permits 100 percent foreign-ownership of a business or branch office, without the need for a local partner. Bahrain has no tax on corporate income, personal income, wealth or capital gains, withholding, death/inheritance. There is no restriction on repatriation of capital, profits or dividends.
- The Commercial Section of the U.S. Embassy, encourages U.S. companies interested in coming to Bahrain to consult with them for additional details and guidance.

## **Market Entry Strategy**

[Return to top](#)

- In general, establishing a business presence in Bahrain is straightforward. The Government of Bahrain (GOB) actively seeks to increase foreign direct investment in Bahrain.
- An American company may wish to consider registering as a fully U.S.-owned company under the FTA to avoid profit-sharing and potential disputes with a local partner.

- An on-the-ground presence in Bahrain is an advantage.
- A carefully selected local partner can advise U.S. firms on advertising, promotion, and pricing. Due to the difference in culture and conditions, techniques and phraseology that are effective in the U.S. may not be effective in Bahrain.
- Personal relationships can significantly increase a company's business prospects. Maintaining business relationships with regular communication and face-to-face contact is also important. U.S. suppliers should stress U.S. origin, competitive prices, high quality, customer service, customer satisfaction, and new-to-market status if applicable.

The Bahrain Investors' Centre provides a one-stop-shop for setting up a business in Bahrain. For information, visit: <http://www.bahrainedb.com/bic-e/main.asp>.

U.S. companies seeking general export information, assistance or country-specific commercial information should contact their nearest U.S. Export Assistance Center, the U.S. Department of Commerce's Trade Information Center at 1-800-USA-TRADE (1-800-827-8723), or visit: [www.export.gov](http://www.export.gov) or [www.buyusa.com](http://www.buyusa.com).

Agricultural reports are available from the USDA Foreign Agricultural Service's Global Agriculture Information Network (GAIN) website: <http://gain.fas.usda.gov/Pages/Default.aspx>

[Return to table of contents](#)

[Return to table of contents](#)

## **Chapter 2: Political and Economic Environment**

For background information on the political and economic environment of Bahrain, please click on the links below:

U.S. Department of State Background Notes:

<http://www.state.gov/r/pa/ei/bgn/26414.htm>

CIA World Fact Book:

<https://www.cia.gov/library/publications/the-world-factbook/geos/ba.html>

[Return to table of contents](#)

[Return to table of contents](#)

## Chapter 3: Selling U.S. Products and Services

- [Using an Agent or Distributor](#)
- [Establishing an Office](#)
- [Franchising](#)
- [Direct Marketing](#)
- [Joint Ventures/Licensing](#)
- [Selling to the Government](#)
- [Distribution and Sales Channels](#)
- [Selling Factors/Techniques](#)
- [Electronic Commerce](#)
- [Trade Promotion and Advertising](#)
- [Pricing](#)
- [Sales Service/Customer Support](#)
- [Protecting Your Intellectual Property](#)
- [Due Diligence](#)
- [Local Professional Services](#)
- [Web Resources](#)

### Using an Agent or Distributor

[Return to top](#)

Due to the implementation of the FTA and BIT, American companies are no longer required to appoint a local commercial agent, though they may opt to do so anyway. A commercial agent is any Bahraini party appointed by a foreign party to represent the foreign party's product or service in Bahrain. Local law governs the relationship, whether the relationship is structured as a distributorship, sales agency, or otherwise. Appointing a commercial agent enables the foreign party to achieve significant market penetration without establishing a direct presence. As in other Gulf countries, regular, personal contact is the key to success in trade relationships.

A company that services even one additional Gulf Cooperation Council (GCC) country qualifies as a regional office. Bahraini law does not require foreign companies to hire a local agent or partner to establish a regional office in Bahrain. Nevertheless, U.S. companies setting up regional offices typically find it useful to have a relationship with a local representative, particularly to deal with the local bureaucracy.

When a contract is being drawn up, the use of the term "agent" often creates difficulties due to definitional differences. The Ministry of Industry and Commerce allows for substitution of the term "agent" with the term "distributor", which can more accurately describe the function intended. Contracts between the Principal and the Bahraini agent should contain the names, nationalities, and assets of the parties, along with a description of the types of products handled. It is advisable to obtain legal counsel before drawing up an agency agreement. While the Embassy's Commercial Section offers general information on Bahrain's commercial regulations, formal legal counsel is recommended for specific questions on labor, investment, licensing procedures and for the resolution of commercial disputes.

Appointing a representative agent in Bahrain requires care and a thorough vetting of candidates. The [Commercial Section of the U.S. Embassy](#) can provide assistance and for-fee [Commercial Services](#) such as our personalized Gold Key service. The Commercial Section can be contacted at [ManamaCommerce@state.gov](mailto:ManamaCommerce@state.gov).

## Establishing an Office

[Return to top](#)

The first step to establishing a local office in Bahrain is to register at the Bahrain Investors' Center (BIC), located at Seef Mall in the Seef District, before conducting business in Bahrain. Operated by the Ministry of Industry and Commerce, the BIC is a "One-Stop Shop" where there are representatives from all the different ministries involved in the registration of a business, as well as representatives from financial institutions, legal entities and telecommunication companies. However, some commercial activities such as tourism, entertainment, schools, nurseries (daycare), and training institutions may require approval from other government agencies.

The Domestic Trade Affairs Directorate in the Ministry of Industry and Commerce regulates all commercial licenses and activities in Bahrain. The Commercial Registration Department issues commercial licenses, collects registration fees, processes Commercial Registration (CR) applications, publishes announcements in the official gazette, and provides counseling services to potential investors.

Applicants may obtain a Commercial License Application Form from the Bahrain Investors' Center (BIC), located at the Seef Mall, or electronically from the Ministry of Industry and Commerce's [webpage](#).

### **Bahrain Investors' Center (BIC)**

Seef Mall

P.O. Box 5479

Phone: (+973) 1756 2222

Manama, Kingdom of Bahrain

Hours of business: 07:30-14:00 Sunday-Thursday

Website: <http://www.bahrainedb.com/bic-e/main.asp>

Email: [investor\\_relations@moic.gov.bh](mailto:investor_relations@moic.gov.bh) or [invest@bahrainedb.com](mailto:invest@bahrainedb.com)

### ***On-Line Commercial Inquiries***

The applicant must first fill out a subscription form at the Bahrain Investors' Center (BIC), located at the Seef Mall, in the Seef District of Manama. Once registered with the Ministry of Industry and Commerce (through the Investors' Center), a company may conduct all dealings with the Ministry via its website: <http://www.moic.gov.bh/moic/en>. The website also provides comprehensive information on domestic commercial affairs.

### **Assistance in Establishing a Company**

Novice investors are highly encouraged to seek assistance from the Economic Development Board (EDB). Chaired by Crown Prince Salman bin Hamad Al Khalifa, the EDB is responsible for formulating the country's economic development strategy, and attracting and facilitating foreign investment in "Business Friendly Bahrain." Working in partnership with governmental organizations and private companies, the EDB can provide personalized assistance to foreign companies and investors including economic intelligence, and assistance with the commercial registration process.



**Economic Development Board (EDB)**

Tel: +(973) 17-589999

Fax: +(973) 17-589900

Website: <http://www.bahrainedb.com/>

E-mail: [edb@bahrainedb.com](mailto:edb@bahrainedb.com)

**Registration Agents**

The Ministry of Industry and Commerce accredits Registration Agents to provide commercial registration services for applicants. These agents include law firms, industrial property registration agents, auditing firms, and consulting companies. Applicants may prefer to work through these experienced consultants who often provide legal, financial, and other services. Registration agents generally ensure the best legal protection available in Bahrain in accordance with the size, shape, and activities of the applicant. To obtain a list of accredited Registration Agents, visit the Ministry of Industry and Commerce's website at <http://www.moic.gov.bh/moic/en>.

Although a local attorney is not required to draw up agency and sales agreements, it is advisable to use one. The U.S. Embassy Commercial Section can provide a list of local attorneys. Many well-known international law firms, including U.S. firms, have offices in Bahrain.

**Company Registration Options**

**Source: Ministry of Industry and Commerce**

Closed Joint Stock	W.L.L.	Single person	Partnership	Limited Partnership by Shares	Simple Limited Partnership	Branch	Representative Office
Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Yes	No	No	No	No	No	Yes	Yes
Yes	Yes	Yes	Yes	Yes	Yes	Yes	No
250,000	20,000	50,000	N/A	20,000	N/A	N/A	N/A
2	2	1	2	4	2	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A	Refer to Notes - *2	N/A
Yes	Yes	Yes	No	Refer to Notes - *4	Refer to Notes - *4	Refer to Notes - *3	No
Yes	Yes	Yes	No	Yes	No	No	No
Yes	Yes	Yes	Yes	Yes	Yes	No	No
Yes	Yes	Yes	No	No	No	No	No

**es:**

The capital for a public joint stock company can be 100% local, 100% foreign or both

Sponsor is required for some activities such as trading (retail sales)

\*3 Depends on the legal status of the parent company

\*4 Not limited liability for shareholders; limited liability for limited partners

### **Establishing Manufacturing Facilities**

The procedures for establishing manufacturing facilities resemble those for founding any other commercial establishment. Manufacturing enterprises benefit from duty-free imports, long-term land leases, and a tax-free environment with no personal or corporate income, no withholding, and no VAT. When establishing a manufacturing facility in Bahrain, it is advisable to have a local partner with the ability to navigate the incorporation procedure and make necessary arrangements with local authorities.

In principle, private entities may freely establish, acquire, and dispose of interesting business enterprises, subject to the limitations noted in this chapter.

Bahrain permits 100 percent foreign-ownership of new industrial entities and the establishment of representative offices or branches of foreign companies without local sponsors. Wholly foreign-owned companies may be set up for regional distribution services and may operate within the domestic market as long as they do not exclusively pursue domestic commercial sales. Private investment (foreign or Bahraini) in petroleum extraction is permitted only under a production-sharing agreement with BAPCO, the state-owned petroleum company.

### **Ownership of Land**

Since January 2001, foreign firms and GCC nationals may own land in Bahrain. Since March 2006, non-GCC nationals may own high-rise commercial and residential properties, as well as property in the following sectors.

- Commercial
- Industrial
- Tourism
- Banking and Financial Services
- Healthcare
- Education and Training

Foreign investors may own commercial property in the following areas:

- Ahmed Al-Fateh (Juffair) district
- Hooraa district
- Bu Ghazal district
- Seef district
- Northern Manama, including the Diplomatic Area where the main international corporations are located

Foreign investors may own residential property in the following tourist areas:

- Durrat Al Bahrain
- Dannat Hawar
- Riffa Views
- Villamar
- Al Amwaj Islands
- Bahrain Financial Harbor
- Bahrain Bay
- Diyyar Al Muharraq
- Norana

The Amwaj Islands project developer Oasis Property Development Company E.C. announced that expatriates and international/foreign investors investing in the Amwaj Islands will be issued special residence permits.

Durrat Al Bahrain, the largest real estate project in the Kingdom of Bahrain, with an area of more than 21 square kilometers, allows foreign ownership of residential, commercial, and hospitality investments.

Most of the new development projects in the Kingdom of Bahrain permit expatriates and international investors to own houses, buildings, outlets, or freehold apartments.

**100% Repatriation of Capital**

Bahrain has no exchange control restrictions on repatriation of capital, profits and dividends, enabling full financial transferability of capital, profits and dividends. The Bahraini Dinar, which is fully convertible, is pegged to the U.S. dollar at the fixed rate of \$1= B.D. 0.377

**Tax Free**

Bahrain levies no taxes on personal or corporate income. There is no withholding and no value-added tax (VAT).

**Long-Term Land Leases**

Companies that do not want to purchase land in Bahrain may lease it from the Government. The Industrial Area Directorate at the Ministry of Industry oversees long-term land leases, which are available for a maximum of 50 years. Government lease arrangements are governed by Legislative Decree Number 28 of 1999, which addresses the Establishment and Organizing of Industrial Areas by setting out the rights and obligations of contracting parties. To promote industrial leasing, the Government has allowed the private sector to develop government owned lands. Examples include the Hidd Industrial Park developed by Kuwait Finance House, and the Tameer-established Bahrain Industrial Wharf.

In January of 2011, the Minister of Commerce announced that a new Industrial zone will be created to accommodate the increasing demand for industrial land. This initiative is essential to enhance the development of the industrial sector’s contribution to the GDP.

**Industrial Areas Directorate**

P.O. Box 10908

Tel: +(973) 17-731155

Fax: +(973) 17-530939

Website: <http://www.industry.gov.bh/>

**Average Commercial and Industrial Land Purchasing Rates (2011 figures)**

Industrial Land	\$3.90 per square meter per year
Industrial construction cost (hangar-type structures)	\$352 per square meter
Warehousing (hangar-type structures)	\$5 to \$80 per square meter per month

### Office rents (2011 figures)

High-end office blocks in downtown Manama and the Diplomatic Area	\$15 to \$40 per square meter per month, plus services
Medium range unit space (80 to 120 square meters)	\$450 to \$950 per month

### Residential Rents (2011 figures)

Villa: 3 to 4 bedroom semi-furnished	\$1000 to \$3500 per month
Apartments: 2 bedroom semi-furnished	Starting \$800 per month
2 bedroom fully furnished	Starting \$ 950 per month

### Utilities, Electricity, Water and Municipality Costs (2011 figures)

Utilities	Commercial Rate	Residential Rate
Electricity	BD 0.012 per kilowatt hour	First 2000 units: BD 0.006/unit
		Next 3000 units: BD 0.012/unit
		Additional units: BD 0.016/unit
Water	First 450 m3: BD 0.300/m3	First 450 m3: BD 0.300/m3
	Additional amount: BD 0.400/m3	Additional amount: BD 0.400/m3
Municipality fee	10 percent of monthly rent	

### Labor Standards

The Labor Law for the private sector promulgated by Amiri Decree, Law Number 23 of 1976, is the main legislation on private sector labor standards in Bahrain. Normal work hours in the private sector are not to exceed 40 hours per week or 8 hours per day (and are not to exceed 30 hours per week and 6 hours per day during Ramadan). No employee may work more than six consecutive hours without a minimum thirty-minute break (not part of the hours of work). A paid maternity leave of 45 days must be granted as well as 21 paid vacation days (increasing to a period not less than 28 days after five continuous years of service), and 15 days (full pay) of sick leave. In August 2008, the LMRA Board abolished the classic sponsorship system and permitted the free mobility of labor, allowing expatriate workers to change jobs. However, employers must still sponsor residence permits for their employees. In order to change employer/sponsorship on a residence permit, an employee must either get a No Objection Certificate from the previous employer, or depart Bahrain and re-enter under the sponsorship of the new employer. Bahraini employers are no longer legally allowed to confiscate employees' passports, however anecdotal evidence suggests that the practice continues.

### Wages

There is no national minimum wage labor law. Basic wage rates vary according to location and industrial sector, while supplementary benefits, which may include bonuses,

free uniforms, free or subsidized transport, performance incentives and other benefits, vary from company to company. Most companies provide medical benefits (medical insurance) but it is not compulsory.

In June 2010, the Ministry of Labor launched a campaign to increase Bahraini citizens' minimum wage to BD250 per month. In some cases the Ministry and Labor Fund (Tamkeen) subsidized the salaries, and supported training courses in order to increase productivity of the private sector.

### **Employee & Employer Salary Deductions**

Employers must register Bahraini and foreign citizen employees with the [Social Insurance Organization](#) (SIO) program. The employer is responsible for contributing the following employer and employee contributions to SIO:

- Bahraini citizens pay seven percent of their salary every month toward SIO, out of which six percent covers medical and pension funds and one percent towards unemployment insurance.
- Foreign employees pay one percent of their monthly salary towards SIO.
- Employers must contribute twelve percent of the salary of each Bahraini.
- Employers must contribute three percent of the salary for each foreign citizen.

### **Work Visas and Fees**

The [Labor Market Regulatory Authority](#) (LMRA) imposes several fees for companies that employ foreign (non-Bahraini) citizen workers. These fees are paid by the employer to the LMRA. As of July 1, 2008, labor fees include:

- A monthly fee of 10BD (\$26.67) per foreign citizen employee (Note: this fee has been suspended since April 2011).
- A 200BD (\$532) fee to establish or renew a work visa for foreign employees. The visa is good for two years. A six-month temporary work visa is also available, at the same 200BD rate.
- A 90BD (\$239) fee for each accompanying family dependant.
- Foreign workers can change jobs and transfer their work permit to a new company, but the new employer would assume the 200BD charge for a new work visa.

## **Guide to the recruitment of non-Bahrainis in the Private Sector**

The objective of this guide is to clarify to employers and citizens the procedures of recruiting non-Bahrainis in accordance with Amiri Decree, Law 33 for 1976 Bahraini Labor Law for the Private Sector Legislation.

### **General Instructions**

The Ministry of Labor, and the Labor Market Regulatory Authority (LMRA) issued the Bahraini Occupational Specification and Classification Directory, which contains names and codes of occupations that are prevailing in Bahrain. It also helps in drawing up the economic and statistical profiles of the country. According to the Directory, the following instructions shall be observed.

1. Upon the submission of the application of recruitment from abroad, the correct code of the occupation must be registered.
2. Copies of the Occupational Specification and Classification are available at the Foreign Employment Section.
3. In case of inability to get the required occupational code or to reconcile the name and the code, please refer to the Research and Labor Studies Section.
4. The applicants or their representatives shall submit applications or delegates authorized by the Ministry of Justice and Islamic Affairs.
5. If the application is refused, they shall be informed by mail of the reasons of such refusal.

### **Application Submission Times**

Applications may be submitted daily from 7:15 a.m. to 12:30 p.m.

### **Procedures for Submitting Applications and the Required Attachments**

Recruitment Applications for expatriates (non-Bahrainis) for Commercial Establishments:

1. Complete the recruitment application form.
2. Provide a copy of the commercial registration.
3. Provide a copy of the CPR (national identity card) of the applicant or his representative with a copy of the official authorization.
4. Attach agreements, contracts, and licenses that show the size of work.
5. Provide a copy of the social insurance inventory if establishment employs ten workers or more.
6. Establishments employing less than ten workers shall employ at least one Bahraini.
7. If there is a difference between the Ministry's information and the social insurance inventory concerning the number of employees, a certificate will be requested from Immigration.
8. When applying for substitution, a certificate of departure will be requested.
9. The last electricity bill paid, or the bills of the last two months, must be submitted.

The demand for U.S. restaurant franchises remains strong in Bahrain, particularly in the fast-food restaurant sector. As of January 2012, more than 94 U.S. franchise restaurants

were operating in Bahrain, with new ones opening regularly. Most major brands are established including: Baskin Robbins, Burger King, Caribou Coffee, Chili's, Cold Stone Creamery, Dairy Queen, Domino's, Elevation Burger, Fuddruckers, Hardee's, Kentucky Fried Chicken, Krispy Kreme, Little Caesar's, McDonald's, Papa Johns, Pizza Hut, Ponderosa Steakhouse, Romano's Macaroni Grill, Seattle's Best Coffee, Starbucks, Subway, TCBY, Tony Roma's, and Turkey Hill. Relatively high per income, a young population, and a high rate of unaccompanied expatriates encourage dining out. U.S. apparel outlets (The Gap, Victoria's Secret) and car rental franchises (Avis, Budget, Hertz) are also popular.

Bahraini firms are eager to establish new market opportunities and are interested in investing in foreign franchise concepts. Most franchisees finance their franchise purchases through bank loans, personal savings or family investment funds.

## **Direct Marketing**

[Return to top](#)

There are two daily English language newspapers in which companies can advertise – the [Gulf Daily News](#), and the [Daily Tribune](#) – each of which has a business section that is predominantly read by expatriates. Bahrain has several Arabic-language newspapers, the largest being [Al Ayam](#), [Al Wasat](#), [Akhbar Al Khaleej](#), [Al Watan](#), and [Al Bilad](#). The primary business oriented paper is Al Ayam newspaper's Economic supplement. Business-oriented magazines include [Trade Arabia](#), [Gulf Construction](#), [Gulf Industry](#), [Oil and Gas Middle East](#), and the business intelligence website [Zawya](#). English-language lifestyle magazines including [Time Out Bahrain](#), [Bahrain Confidential](#), [Bahrain This Month](#), [Woman This Month](#), and [FACT Bahrain](#). Advertising is also possible on Bahraini television, radio and on highway signs. Many businesses also distribute flyers in residential neighborhoods. It is possible to advertise on the Internet – including Bahrain's growing blogosphere – and via text messaging on cellular networks (Batelco, Zain, and Viva are the three major mobile phone service providers). Bahrain regularly hosts tradeshows (expos) which provide good opportunities to meet importers and distributors.

The "Trade Promotion and Advertising" section of Chapter 3 provides a more comprehensive discussion of the advertising and promotion outlets in Bahrain.

## **Joint Ventures/Licensing**

[Return to top](#)

The demand for joint venture and licensing opportunities remains high in Bahrain as core infrastructure, information and communication technology, electricity and water, tourism, training and education sectors are privatized and identified as key growth sectors.

American companies are attractive to Bahraini partners due to their readily recognized names and the opportunity for technology transfer.

The [Commercial Section of the U.S. Embassy](#) helps match American and Bahraini firms looking to form joint ventures in both the local and regional market.

## **Selling to the Government**

[Return to top](#)

Government procurement contracts are subject to the requirements of the FTA. The FTA, however, does not govern military procurement and other procurements deemed to



be a matter of Bahrain's national security. For government sales, except where an agent is not permitted (e.g., sales to the Bahrain Defense Force or Ministry of Interior), it is generally advisable to have a local agent to serve as a point-of-contact, provide advice on tender preparation, and act as "eyes and ears." It is generally recommended to have a local agent or contact vet tender documents prior to their submission. Bidders must meet the specifications set out in the tender and offer a competitive price in order to be successful. A local agent can provide valuable advice on pricing and timing.

All major civilian projects and government acquisitions valued at BD 10,000 (\$26,667) or higher are channeled through the [Tender Board](#). The Tender Board determines the terms of bidding, invitations for bids and selection of firms for awards. The Tender Board advertises its tender openings and decisions on their website (<http://www.tenderboard.gov.bh/>) and in local media. Tender opportunities are published in English and in Arabic. Contracts are generally, but not necessarily, awarded to the lowest bidder.

## **Ports, Shipping and Distribution Channels**

[Return to top](#)

Most goods enter through [Khalifa bin Salman Port](#) (Mina Khalifa) in Hidd Industrial City, Bahrain's main import/export hub. The port is located in northeast Bahrain, located approximately 10 kilometers from Bahrain International Airport and 40km from the Eastern Province of Saudi Arabia. Since commencing operations in 2009, the Khalifa Bin Salman Port has established itself as a leading transshipment hub. In 2010, the Port handled 1,023 vessels including 576 container ships, 380 general cargo ships and 67 cruise (tourism) ships. The adjacent Bahrain Logistics Zone (BLZ) has the potential to make Manama a major air-sea cargo hub and a center for industrial development. The Government has offered a number of incentives to attract foreign direct investment to this customs-free zone and establish Bahrain as a logistics hub for the Northern Gulf.

Bahrain's secondary port is Mina Salman. In 2012, the Government announced plans to convert Mina Salman Port into a dedicated building materials terminal. In addition, the Bahrain Petroleum Company (BAPCO), Aluminum Bahrain (ALBA) and Gulf Petrochemical Industries Company (GPIC) have dedicated company ports. Ports are administered by the General Organization of Sea Ports (GOP).

Goods can also enter Bahrain overland from Saudi Arabia via the King Fahd Causeway, or by air at Bahrain International Airport (airport code: BAH). Numerous transport and retail companies serve the domestic market. There are few logistics companies, leaving room for possible U.S. investment in this sector.

## **Selling Factors/Techniques**

[Return to top](#)

A carefully selected local partner can advise U.S. firms on advertising, promotion, and pricing. Due to the difference in culture and conditions, techniques and phraseology that are effective in the U.S. may not be effective in Bahrain.

In September 2002, Bahrain implemented an Electronic Transactions law, recognizing the validity of electronic transactions. In a push to use this technological opening, the Ministry of Industry and Commerce has implemented electronic government. Banks offer electronic banking and many utility companies now accept electronic transactions for bill payments.

In 2003, the Ministry of Industry and Commerce established a directorate for electronic commerce to promote e-commerce services. The Directorate of Electronic Commerce's services include:

- Adopting the concept of "internet for business" in order to help commercial institutions in Bahrain benefit from information and communication technology as a major tool for effectively competing in world markets;
- Encouraging the private commercial sector to take up e-commerce as a delivery channel, through developing programs and providing consultancy services and guidance to help small and medium institutions make use of information technology and communication services.

E-commerce is on the rise in Bahrain where computer-literacy rates are high and people recognize the commercial value of the Internet. Bahrain's principal telecommunications company Batelco reports that Internet accounts are increasing rapidly. Almost all government ministries have launched e-commerce websites.

The Government initiated an E-Government program to enhance the services provided by the government to citizens, foreigners, private sector, and investors. The newly established entity has ties with U.S. Information technology companies.

## **Trade Promotion and Advertising**

[Return to top](#)

Advertising approaches differ according to the market sector. Extravagant product launches are becoming the norm. Consumer goods and services advertising techniques include the full range of television, radio, newspapers and magazines, internet, billboards, street light signs and other approaches. Bahrainis have embraced advertising through social media outlets including Facebook, blogs, Blackberry Messenger and other text messaging services.

### **Radio and Television**

Bahrain Television (BTV) is the country's national network, with separate Arabic and English broadcast channels. Radio Bahrain is the main radio station, broadcasting in English on bandwidth 96.5 FM and 99.5, and in Arabic on 92.3 FM. The Information Affairs Authority administers BTV, Radio Bahrain and the state official Bahrain News Agency.

Dubai-based OSN is the primary provider of subscription television (cable TV) in Bahrain. In September 2011, Bahrain Telecom (Batelco) introduced Blackbox, the first Broadband Television service in Bahrain.

### **Newspapers and Magazines**

There are two daily English language newspapers in which companies can advertise – the [Gulf Daily News](#), and the [Daily Tribune](#) – each of which has a business section that is predominantly read by expatriates. Bahrain has several Arabic-language newspapers, the largest being [Al Ayam](#), [Al Wasat](#), [Akhbar Al Khaleej](#), [Al Watan](#), and [Al Bilad](#). The primary business oriented paper is Al Ayam newspaper's Economic supplement. Business-oriented magazines include [Trade Arabia](#), [Gulf Construction](#), [Gulf Industry](#), [Oil and Gas Middle East](#), and the business intelligence website [Zawya](#). English-language lifestyle magazines including [Time Out Bahrain](#), [Bahrain Confidential](#), [Bahrain This Month](#), [Woman This Month](#), and [FACT Bahrain](#).

## **Arabic Language Newspapers**

### ***Akhbar Al Khaleej***

P.O. Box 5300  
Manama, Kingdom of Bahrain  
Tel: +(973) 17-620111  
Fax: +(973) 17-621566  
Website: <http://www.akhbar-alkhaleej.com/>  
E-mail: [sales02@akadvertising.com.bh](mailto:sales02@akadvertising.com.bh)

### ***Al-Ayam***

P.O. Box 3232  
Manama, Kingdom of Bahrain  
Tel: +(973) 17-617777  
Fax: +(973) 17-729009  
Website: <http://www.alayam.com/>

### ***Al-Bilad***

Tel: +(973) 17-111500  
Fax: +(973) 17-580393  
Website: <http://www.albiladpress.com/>

### ***Al-Watan***

Tel: +(973) 17-496644  
Fax: +(973) 17-496673  
Website: <http://alwatannews.net>

### ***Al-Wasat***

P.O. Box 31110  
Manama, Kingdom of Bahrain  
Tel: +(973) 17-596999  
Fax: +(973) 17-596900  
Website: <http://www.alwasatnews.com/>  
Email: [advert@alwasatnews.com](mailto:advert@alwasatnews.com)

## **English Language Newspapers**

### ***Gulf Daily News***

P.O. Box 5300  
Manama, Bahrain  
Tel: +(973) 17-293131  
Fax: +(973) 17-293400  
Website: <http://www.gulf-daily-news.com/>

**Daily Tribune**

P.O. Box 3232  
Manama, Kingdom of Bahrain  
Tel: +(973) 17-270710  
Fax: +(973) 17-250150  
Website: <http://www.dt.bh/>

**Domestic Trade Fairs**

Bahrain regularly hosts tradeshows (expos). Domestic trade fairs can provide U.S. firms with an opportunity to increase brand awareness, investment opportunities, and locate trade partners, importers and distributors. Small to medium-sized businesses looking to enter the Bahrain market are particularly encouraged by expo organizers. Bahrain is keen on drawing exhibition and conference participants to Bahrain and expanding its role as a regional expo and conference hub.

The Bahrain Exhibition & Convention Authority (<http://www.bahrainexhibitions.com/>), Hilal Conferences & Exhibitions (<http://www.hilalconferences.com/>) and Arabian Exhibition Management (<http://www.aeminfo.com.bh/aemsite/index.htm>) are Bahrain's leading organizations in organizing local and international trade shows and exhibitions. Regularly held trade fairs in Bahrain include:

- **Jewelry Arabia** (<http://jewelleryarabia.com/>) The Middle East's largest jewelry and watch expo, held annually in October or November, attracts local and international brands and designers.
- **Gulf Industry Fair** (<http://www.gulfindustryfair.com/>): The annual February expo covers the key industrial segments including aluminum, machine tools, industrial equipment, automation, steel, energy, logistics and manufacturing.
- **Middle East Geosciences Conference and Exhibition (GEOS;** [www.geo2012.com/](http://www.geo2012.com/)). Held every other March in even-numbered years, this show focuses on the future development of the Middle East's hydrocarbon resources.
- **Middle East Oil & Gas Show (MEOS;** <http://meos2011.com/>) Organized by the Society of Petroleum Engineers, this annual event held every September showcases oil and gas products and services in the Middle East.
- **Bahrain International Airshow** (<http://www.bahraininternationalairshow.com/>). Held every other January in even-numbered years, this global aerospace expo is co-sponsored by Britain's Farnborough International Ltd.

- **Food & Hospitality Expo / Health & Wellness Expo** (<http://www.foodexpbh.com/> and <http://www.healthexpbh.com/>) Held annually in April, the Food & Hospitality Expo brings together food producers, distributors, restaurants, hoteliers, kitchen and food manufacturers, while the Health & Wellness Expo focuses on healthy lifestyles.

## Exhibiting Facilities

The Bahrain International Exhibition & Convention Center (BIECC) in downtown Manama is a modern, air-conditioned facility with two exhibition halls with a combined exhibit area of 14,000 square meters (m<sup>2</sup>). The facility also features nine meeting rooms, two VIP majalis rooms, free parking for 500 cars, and the latest audio-visual equipment including free Wi-Fi access. The exhibition center has enhanced Bahrain's position as a venue for trade shows and conferences in the Gulf region. Bahrain is easily accessible by car via the King Fahd Causeway from Dhahran, Saudi Arabia. Frequent air service is also available from the other Gulf States, as well as from major European and South Asian commercial centers. The BIECC is administered by the Bahrain Exhibition and Convention Authority (BECA).

### **Bahrain International Exhibition & Convention Center (BIECC)**

Building 158, Avenue 28, Sanabis, Block 410

P.O. Box 11644

Kingdom of Bahrain

Tel: +(973) 1755 8800

Fax: +(973) 1755 5513

Website: <http://www.bahrainexhibitions.com/>

E-mail: [beca@beca.bh](mailto:beca@beca.bh)

Several major hotels in Bahrain offer first-class facilities for conference and exhibitions including the [Gulf Hotel & Convention Center](#), the [Ritz-Carlton Bahrain Hotel & Spa](#), the [Crown Plaza Hotel and Conference Center](#), [Hotel Sofitel Bahrain Zallaq Thalassa Sea & Spa](#), and [Sheraton Bahrain](#).

## Pricing

[Return to top](#)

Shipping generally adds considerably to the cost of items manufactured in the U.S., which already face stiff competition from European and Asian suppliers. This disadvantage is periodically counterbalanced by exchange rate shifts between the dollar and European and Asian currencies. The average importer markup on food products is 10-15 percent. Retail food prices are generally 25-30 percent above import prices.

There are no sales tax (VAT) for goods or services, and no corporate taxes. Most restaurants charge 15% hospitality tax, plus an additional 10%-12% for "service charge," a fee that is rarely passed on to wait staff. It is established practice to tip 10%-15% of the bill in restaurants, cafes and bars, in cash.

Hard bargaining is common and expected in the local souqs (traditional markets) of Manama and Muharraq, where buyers usually want a discount and vendors inflate their initial offers accordingly.

## **Sales Service/Customer Support**

[Return to top](#)

After-sales service directly affects product reputation. A good agent/distributor relationship to facilitate quality service is crucial to success in this market. Opening warehouses and after-sales offices in the Gulf to dispatch goods efficiently can help enlarge the client base. Agents who offer superior after-sales service have a competitive advantage over the medium and long term.

## **Protecting Your Intellectual Property**

[Return to top](#)

Bahrain has made dramatic progress in reducing copyright piracy, and there are no reports of significant violations of U.S. patents and trademarks in the country. Bahrain is a party to the World Intellectual Property Organization Convention (WIPO) and signed the WIPO Copyright Treaty and the WIPO Performances and Phonograms Treaty in 2005. The U.S.-Bahrain FTA commits Bahrain to enforce strong IPR protections and obligations. As part of its FTA obligations, Bahrain has passed several key pieces of IPR legislation to improve protection and enforcement in the areas of copyrights, trademarks, and patents. Implementing regulations supporting these laws have also been enacted. Bahrain has also a signatory to the Paris and Berne conventions on intellectual property protections, and a number of intellectual property treaties, conventions, and protocols in accordance with the U.S.-Bahrain Free Trade Agreement. Bahrain is a signatory to the International Convention for the Protection of New Varieties of Plants.

In May 2006, Bahrain ratified eight new [IPR laws](#), bringing the country's legislation into compliance with its international obligations through WIPO. These new laws extends protection to foreign trade secrets; copyright and related rights; integrated circuits; geographic indicators, individual drawings and designs; patents and utility models; plant varieties; and trademarks. The Trade Secrets law was passed in July 2003. There are no technology transfer requirements that force firms to share or divulge technology to a domestic partner through compulsory licensing, nor are firms forced to commit to research and development activities in Bahrain. In recognition of improved IPR protection, Bahrain was removed from the U.S. Special 301 Watch List in 1999, and has remained off the list since.

Bahrain's current legal system adequately protects and facilitates acquisition and disposition of intellectual property rights (IPR). There are no technology transfer requirements that force firms to share or divulge technology to a domestic partner through compulsory licensing, nor are firms forced to commit to research and development activities in Bahrain.

The Government has designated the Ministry of Industry and Commerce's [Industrial Property Directorate](#) as the primary authority for registration and investigation of intellectual property issues. The Industrial Property Directorate issued its first IPR regulation in 1955, one of the first in the Gulf. The Information Affairs Authority regulates and enforces creative copyright issues on literary works, sound and video recordings. Since 1997, the Government has successfully enforced copyright protection for DVDs,

CDs, software, clothing, and household goods. The Government has launched several campaigns to combat piracy of cable and satellite television by blocking illegal signals, IP addresses and banned the sale of decoding devices. The commercially pirated video and audio markets have been virtually eliminated. Nevertheless, counterfeit DVDs, CDs, video games, clothing, watches, purses and other consumer goods are sold openly, particularly in Bahrain's souqs (traditional open-air markets). In 2009 and 2011, the Government launched several public awareness campaigns, equating piracy with theft.

As part of the GCC Customs Union, the six Member States are working toward unifying their IPR regimes. In this respect, the GCC has recently approved a common trademark law. All six Member States are expected to adopt this law as national legislation in order to implement it. The United States has outlined specific concerns with the trademark law and has established a dialogue between U.S. and GCC technical experts to ensure that the law complies with the Member States' international obligations.

It is also recommended that small and medium-size companies understand the importance of working together with trade associations and organizations to support efforts to protect IP and stop counterfeiting. There are a number of these organizations, both Bahrain and U.S.-based. These include:

- The American Chambers of Commerce in Bahrain (AMCHAM)
- National Association of Manufacturers (NAM)
- International Intellectual Property Alliance (IIPA)
- International Trademark Association (INTA)
- The Coalition Against Counterfeiting and Piracy
- International Anti-Counterfeiting Coalition (IACC)
- Pharmaceutical Research and Manufacturers of America (PhRMA)
- Biotechnology Industry Organization (BIO)
- The Ministry of Industry and Commerce has developed an online patent, trademark, and design registration service on the [Ministry of Industry and Commerce](#)'s website.

## IP Resources

A wealth of information on protecting IP is freely available to U.S. rights holders. Some excellent resources for companies regarding intellectual property include the following:

- For information about patent, trademark, or copyright issues -- including enforcement issues in the US and other countries -- call the STOP! Hotline: **1-866-999-HALT** or register at [www.StopFakes.gov](http://www.StopFakes.gov).
- For more information about registering trademarks and patents (both in the U.S. as well as in foreign countries), contact the US Patent and Trademark Office (USPTO) at: **1-800-786-9199**.
- For more information about registering for copyright protection in the US, contact the US Copyright Office at: **1-202-707-5959**.

- For more information about how to evaluate, protect, and enforce intellectual property rights and how these rights may be important for businesses, a free online training program is available at [www.stopfakes.gov](http://www.stopfakes.gov).
- For US small and medium-size companies, the Department of Commerce offers a "SME IP Advisory Program" available through the American Bar Association that provides one hour of free IP legal advice for companies with concerns in Brazil, China, Egypt, India, Russia, and . For details and to register, visit: [http://www.abanet.org/intlaw/intlproj/iprprogram\\_consultation.html](http://www.abanet.org/intlaw/intlproj/iprprogram_consultation.html)
- For information on obtaining and enforcing intellectual property rights and market-specific IP Toolkits visit: [www.StopFakes.gov](http://www.StopFakes.gov) This site is linked to the USPTO website for registering trademarks and patents (both in the U.S. as well as in foreign countries), the U.S. Customs & Border Protection website to record registered trademarks and copyrighted works (to assist customs in blocking imports of IP-infringing products) and allows you to register for Webinars on protecting IPR.

For more information, please refer to the "Intellectual Property" section in Chapter 6.

## Local Professional Services

[Return to top](#)

Whether you're looking to make your first export sale or expand to additional international markets, the [U.S. Commercial Service](#) offers the trade counseling, market intelligence, business matchmaking, and commercial diplomacy you need to connect with lucrative business opportunities. In Bahrain, Commercial Services are provided by the Commercial Section of U.S. Embassy Manama.

### U.S. Commercial Services (Provided by U.S. Embassy Manama, Commercial Section)

#### International Company Profile (ICP)

**Cost:** \$600 for small & medium businesses; \$900 for large companies

**Description:** To assist U.S. companies to enter into international business relationships with confidence, the International Company Profile (ICP) helps U.S. companies evaluate potential business partners by providing a detailed report on overseas companies which have been personally visited, if feasible, by a commercial specialist or commercial officer of the U.S. Commercial Service. Through the service, clients can request answers to detailed questions about overseas companies on a variety of issues and receive expert advice from our commercial specialists about the relative strength of the firm in its market and its reliability, among other things. Upon request, detailed questions will be asked of the overseas companies, beyond those in the standard questionnaire.

#### International Partner Search (IPS)

**Cost:** \$550 for small & medium businesses; \$1400 for large companies

**Description:** You provide your marketing materials and background on your company, and the Commercial Service experts will use their strong network of international contacts to interview potential partners and provide you with a list of up to five pre-



qualified partners. Receive complete contact information on key officers at each potential partner which is interested in your company along with information on their size, sales, years in business, number of employees, and a statement from the each potential partner on the marketability of your product or service.

### **Gold Key Matching Service**

**Cost:** \$700 for small & medium businesses; \$2,300 for large companies (additional costs apply for additional days of service)

**Description:** The signature, personalized service offered by the U.S. Commercial Service. Embassy Manama Commercial Section specialists will arrange business meetings with pre-screened contacts representatives, distributors, professional associations, government contacts, and/or licensing or joint venture partners. The Gold Key Matching Service provides: Customized market and industry briefings with our trade specialists; timely and relevant market research; Appointments with prospective trade partners in key industry sectors; Post-meeting debriefing with our trade specialists and assistance in developing appropriate follow-up strategies; Help with travel, accommodations, interpreter service, and clerical support.

For more information on these and other services available, please contact U.S. Embassy Manama's Commercial Section:

### **U.S. Embassy Manama – Commercial Section**

P.O. Box 26431

Manama, Kingdom of Bahrain

Tel: +(973) 17-242700

Fax: +(973) 17-256717

Email: [ManamaCommerce@state.gov](mailto:ManamaCommerce@state.gov).

Web site: <http://bahrain.usembassy.gov/tradeandcommerce.html>

Facebook: <http://www.facebook.com/AmericanEmbassyManamaCommerce>

## **Web Resources**

[Return to top](#)

Ministry of Industry & Commerce (MOIC)

<http://www.moic.gov.bh/moic/en>

Bahrain Investors Center (BIC)

<http://www.bahrainedb.com/bic-e/main.asp>

Bahrain Economic Development Board (EDB)

<http://www.bahrain.com>

Bahrain Bourse (Stock Market)

<http://www.bahrainbourse.net>

U.S. Commercial Service

<http://trade.gov/cs/>

U.S. Embassy Bahrain – Commercial Section

<http://bahrain.usembassy.gov/tradeandcommerce.html>

USTR  
<http://www.ustr.gov>

[Return to table of contents](#)

[Return to table of contents](#)

## Chapter 4: Leading Sectors for U.S. Export and Investment

### **Commercial Sectors**

- [Motor Vehicles and Vehicle Parts](#)
- [Medical Equipment/Healthcare](#)
- [Air Conditioning and Refrigeration Equipment](#)
- [Computers and Peripherals](#)
- [Telecommunications](#)
- [Financial Services](#)
- [Education and Training](#)
- [Electrical Power](#)
- [Water Desalination](#)
- [Construction](#)

### **Agricultural Sectors**

- [Frozen/Chilled Beef](#)
- [Meat Poultry](#)

## Motor Vehicles and Vehicle Parts

### Overview

[Return to top](#)

<b>Motor Vehicles and Vehicle Parts</b>	<b>2008 (Actual)</b>	<b>2009 (Actual)</b>	<b>2010 (Estimate)</b>
Total Market Size	602	611	614
Total Local Production	0	0	0
Total Exports	0	0	0
Total Imports	602	611	614
Imports From U.S.	48.2	48.6	49.1

\*In USD\$ millions

Source: Bahrain Central Informatics Organization

The market for American passenger cars, especially for larger model vehicles like mini-vans and SUVs, continues to grow. Compact and economy models are also popular.

### Best Prospects

[Return to top](#)

It is expected that U.S. automobile exports to Bahrain will remain strong through 2012. U.S. car dealerships in Bahrain attribute strong sales to the FTA and the relatively weakened value of the dollar.

The U.S. dollar value has reduced the cost of U.S. manufactured vehicles in relation to European, and Japanese models. The overall market for U.S.-made auto parts is declining due to Asian and Saudi competition. However, there are opportunities in niche markets (brake pads, oil filters) and auto accessories (wax, lubricants) where American products are preferred for their high quality.

### Opportunities

[Return to top](#)

Bahrainis value U.S. cars for their safety, comfort, interior design, and capacity to accommodate large families. U.S. car sales also benefit from an overall expanding market. According to the Bahrain General Directorate of Traffic, 382,000 vehicles were registered in Bahrain in 2010, and registration is increasing 602 percent per year on average, suggesting an estimated 401,000 vehicle registrations in 2012.

### Web Resources

[Return to top](#)

U.S. Embassy Bahrain Commercial Section  
<http://bahrain.usembassy.gov/tradeandcommerce.html>

## Medical Equipment/Healthcare

### Overview

[Return to top](#)

Medical Equipment	2008 (Actual) *	2009 (Actual) *	2010 (Estimate) *
Total Market Size	70	72	75
Total Local Production	0	0	0
Total Exports	0	0	0
Total Imports	70	72	75
Imports from U.S.	13.8	14.1	14.4

\*In USD\$ millions

Source: Bahrain Central Informatics Organization

Bahrain has a modern health system. All Bahrainis receive free state health care. Most companies offer their expatriate workers some sort of health coverage, either through insurance companies, in which case rates are negotiable, or through arrangements with one or more of the local private hospitals. There is an \$8 fee for expatriates attending an emergency clinic in a government hospital. In 2006, Bahrain's health services sector showed significant growth, which is likely to continue. Construction of the \$120 million King Hamad Hospital in Muharraq which was opened in January 2012. .

The Government of Bahrain encourages the private sector to enter the health care market and thus share the cost of services. It is also drawing up plans to attract international hospitals in order to promote health tourism. The Government encourages the private sector to play a greater role in the healthcare industry. The Bahrain Development Bank (BDB) assists the healthcare sector through loans, totaling \$17 million in 2010. A "medical city" is under development as part of a \$114 million investment by Ithmaar Investment Bank-- the reclaimed land near Amwaj Island is already under contract.

### Best Prospects

[Return to top](#)

Current plans for the health services sector include the construction of a third large public hospital, the King Hamad Hospital in Muharraq, which opened in January 2012. The Royal College of Surgeons will use the medical facilities as a learning hospital. In the private sector, the Boston-based Joslin Diabetes Center (JDC) constructed its first facility outside the United States in Bahrain in 2003. In 2004 the JDC expanded the facility due to increased demand for diabetes treatment in Bahrain and the Gulf. The Ministry of Health's 2011/2012 budget includes funding for the construction of a new Genetic Disease Research Center, a new hospital in the Central Governorate, and additional clinics in highly populated areas in the Northern Governorate.

### Opportunities

[Return to top](#)

In 2010, the largest hospital in Bahrain – the state-run Salmaniya Medical Complex – spent \$9.8 million to replace its medical equipment. It is looking to replace patient vital-sign monitors, infant incubators, ventilators, infusion pumps, and also to acquire a deep X-ray therapy machine.

In a step towards reducing the load on government health services, the Ministry of Health (MOH) has proposed draft legislation that introduces compulsory health insurance for non-Bahrainis. The current statistical MOH figures indicate that only 10 percent of Bahrain's patients receive private treatment. The MOH has recognized the urgency of investments in the health sector is planning to establish a liaison office, dedicated to attract investment in the health sector.

The MOH has also identified areas for investment, which include: the pharmaceutical industry, drug packaging and distribution, health complementary services (ex. producing of syringes), health support services, health resorts, health education and training, medical research centers, information technology (which includes the MOH's E-health), and biotechnology.

## **Web Resources**

[Return to top](#)

Ministry of Health (MOH)  
[www.moh.gov.bh](http://www.moh.gov.bh)

Bahrain's Economic Development Board (EDB)  
[www.bahrainedb.com](http://www.bahrainedb.com)

U.S. Embassy Bahrain Commercial Section  
<http://bahrain.usembassy.gov/tradeandcommerce.html>

## Air Conditioning and Refrigeration Equipment

### Overview

[Return to top](#)

AC/Refrigeration Equipment	2008 (Actual)*	2009 (Actual)*	2010 (Estimate)*
Total Market Size	62	64	65.5
Total Local Production	0	0	0
Total Exports	0	0	0
Total Imports	62	64	65
Imports from U.S.	9.3	9.5	10.5

\*In USD\$ millions

Source: Bahrain Central Informatics Organization

Bahrain's climate requires air conditioning most of the year due to high temperatures and high humidity. Air conditioning equipment breaks down frequently as a result of constant use and lack of maintenance.

### Best Prospects

[Return to top](#)

The market for air conditioning and refrigeration equipment increased gradually through the years, and U.S market share remained strong in this market. American brands, highly regarded for their reliability, have traditionally done well in Bahrain. Moreover, new construction projects are an important market for American products.

### Opportunities

[Return to top](#)

Due to the recent global economic downturn, many residential construction projects were delayed or cancelled. Economists anticipate growth in housing appliances, furniture, electrical appliances, and accessories market.

### Web Resources

[Return to top](#)

U.S. Embassy Bahrain Commercial Section

<http://www.buyusa.gov/bahrain/en>

## Computers and Peripherals

### Overview

[Return to top](#)

Bahrain has focused its efforts on the entry of new private firms in specific prospective growth sectors, which includes the information and communications technology service sector. Bahrain has been actively attracting international companies in the information technology sector to invest in Bahrain, with a long-term vision of the formation of an information technology hub. The Government established the Central Informatics Organization that oversee the growth of information technology, and seeks to improve government efficiency by using new technologies. To enhance Bahrain's position in information technology, the Government established E-Government, an entity that is widely connected to U.S. information technology companies.

### Best Prospects

[Return to top](#)

Internet use is expanding in Bahrain. The Government launched an E-Government initiative, and the electronic-based technology has overwhelmingly been accepted as an important tool of effective business strategy and good governance.

### Opportunities

[Return to top](#)

The GOB is revamping the Kingdom's information technology infrastructure. Almost all Ministries have upgraded, or are upgrading their e-services. Microsoft and BDO Jawad Habib, a Bahrain-based consultancy firms, have won the contract to install and run Bahrain's E-Investor Project. A \$6.89 million contract was also signed to take Bahrain's government schools into cyber space, part of the King's Future Schools' project.

King Hamad Future Schools' project is a joint program between the Ministry of Education and UNESCO aimed to develop the Ministry of Education's current knowledge-based curriculum to a knowledge-based economy or K-economy curriculum. The initial five-year agreement, recently extended through June 2011, aims to expand the information technology system at all stages of government education. The Ministry of Education is considering further expanding the project to cover the Kingdom's public universities and medical schools.

The private sector, and especially the financial services sector, has started upgrading their IT systems in order to make them competitive in a global market. Major U.S Companies were awarded major tenders from several financial institutions including Elaf Bank, Standard Charter, Bahrain Islamic bank, Al Khair Bank, and Bahrain Kuwait Bank.

### Web Resources

[Return to top](#)

Government of Bahrain (GOB)  
[www.bahrain.gov.bh](http://www.bahrain.gov.bh)

Ministry of Industry & Commerce (MOIC)



<http://www.moic.gov.bh/moic/en>

Ministry of Education (MOE)  
<http://www.moe.gov.bh/en/index.aspx>

Ministry of Health (MOH)  
<http://www.moh.gov.bh/>

Bahrain's Economic Development Board (EDB)  
<http://www.bahrainedb.com/>

Commercial Section, U.S. Embassy Bahrain  
<http://bahrain.usembassy.gov/tradeandcommerce.html>

## Telecommunications

### Overview

[Return to top](#)

The telecommunications sector was the first key sector to be liberalized in Bahrain following the Government's announced interest in opening traditionally government-controlled industries. The Telecommunications Regulatory Authority (TRA), established in late 2002, awarded a mobile telecommunications services license to MTC-Vodafone (Now known as Zain Telecommunication Company), thus ending the monopoly of Bahrain's telecom services provider, Batelco. The license was awarded under the Telecommunications Law, which took effect January 2003. An open framework attracted a second wireless carrier -- Zain Telecommunication -- to relocate their headquarters from Kuwait to the Kingdom of Bahrain in 2007. TRA awarded a third mobile provider license to STC in 2008. The third operator Viva (Saudi Telecommunication Company) launched their commercial operation in March of 2010. In all, 62 telecommunication companies are currently operating in different sectors throughout Bahrain

The TRA most recently announced the provision of five International Telecommunications Facility licenses (IFLs), eight International Telecommunications Services Licenses (ISLs), seven VSAT licenses, 21 value-added Services (VAS) "Class" licenses and eight Internet Service Provider (ISP) licenses.

The Telecommunication sector has grown rapidly, largely due to new technologies including use of Voice Over Internet Protocol (VOIP), and mobile phones. The market is very competitive, with mobile providers organizing year-round marketing campaigns.

According to the Central Bank of Bahrain (CBB), in 2011 the number of mobile phone users reached 1,120,000, up from 1,010,000 the previous year, representing a growth of 10 percent, the high growth is due the introduction of Smart Phones offers by mobile providers. At 120 percent, Bahrain has one of the highest mobile phone penetration rates in the Middle East and the world.

Telecommunications liberalization also extended to paging services, very small aperture terminal (VSAT), public access mobile radio services, international telecommunications facilities, international telecommunications services, national fixed services, internet service provider (ISP) and value-added services license following the full liberalization of the sector on July 1, 2004.

Likewise, Internet penetration has significantly increased. In 2011, Batelco had 408,000 registered Internet subscribers; personal users accounted for 82 percent and business users 18 percent of the total Internet market. Other Internet Service Providers (ISP) include Viva, Zain and Menatelecom.

### Best Prospects

[Return to top](#)

Fixed telephone and cellular (GSM) equipment, network solutions and software, fiber optic cabling, and wireless networking.

## Opportunities

[Return to top](#)

Telephone and internet service are widely available. Based on the over-saturated market, there are opportunities in support services and software.

## Web Resources

[Return to top](#)

Telecommunication Regulatory Authority (TRA)  
<http://www.tra.org.bh/>

Ministry of Transportation (MOT)  
(covers public transportation, telecommunications, postal services, and civil aviation)  
[www.transportation.gov.bh](http://www.transportation.gov.bh)

Bahrain Internet Exchange (BIX)  
[www.bix.bh](http://www.bix.bh)

Central Bank of Bahrain (CBB)  
[www.cbb.gov.bh](http://www.cbb.gov.bh)

Bahrain Economic Development Board (EDB)  
<http://www.bahrainedb.com/>

Bahrain Telecommunications (Batelco)  
[www.batelco.com](http://www.batelco.com)

Menatelecom  
<http://www.menatelecom.com/>

U.S. Embassy Bahrain Commercial Section  
<http://bahrain.usembassy.gov/tradeandcommerce.html>

Viva  
<http://www.viva.com.bh/static/CorporatePortal/English/Home/index.htm>

Zain  
<http://www.bh.zain.com/portal/page/portal/home>

## Financial Services

### Overview

[Return to top](#)

Bahrain is a principal financial services hub in the Middle East with the high concentration of Islamic Banks. Legal, regulatory, and accounting systems in the financial sector (onshore and offshore) are transparent and consistent with international norms. International financial institutions operate in Bahrain, both internationally and domestically, without impediments.

The Central Bank of Bahrain (CBB) regulates the banking sector under the provisions of the BMA law (Decree Law No. 23 of 1973). In May 2002, the Government of Bahrain announced that regulatory responsibility for the insurance sector and stock exchange would move to the CBB. This move was completed in late 2002.

To promote the Kingdom's position as a leading financial destination, the Government upgraded the legal framework of the Bahrain Monetary Agency creating the Central Bank of Bahrain in September 2006. In October of 2006, the CBB granted offshore banks greater flexibility allowing them to invest locally.

To enhance international and local investments, the Kingdom of Bahrain privatized the Bahrain Stock Exchange in January 2010; it was officially re-launched as Bahrain Bourse in January 2011.

### Best Prospects

[Return to top](#)

Bahrain's attraction as a financial center is based on its established offshore facilities, free foreign exchange movement, tax-free status, stable Bahraini Dinar-USD foreign exchange rate, established insurance sector, modern telecommunications systems, and prime geographical location among the GCC countries. The financial sector has established itself as a key employment generator for the local population.

In March 2004, in an effort to stimulate the insurance industry and reinforce Bahrain's position as a major insurance center in the Middle East, the BMA lifted the requirement that foreign insurance brokers and loss adjusters must have a local partner in order to operate. These firms, which were previously required to have at least 51 percent Bahraini-ownership, are now permitted to operate with 100 percent foreign-ownership. The CBB is holding consultations on further reform in areas such as captive insurance, solvency, business conduct, risk management and financial crime, enforcement, CBB reporting and public disclosure, intermediaries, and Islamic insurance.

### Opportunities

[Return to top](#)

Bahrain promotes itself as an international financial center in the Gulf region. It hosts 398 diverse financial institutions, including 186 banks, of which 52 are offshore banking units (OBUs); 41 investment banks; and 26 commercial banks, of which 15 are foreign owned. In addition, there are 338 representative offices of international banks, 22 moneychangers and money brokers, and several other investment institutions, including 89 insurance companies. Bahrain is also a leading Islamic finance center in the region. This sector has grown considerably since the licensing of the first Islamic bank in 1979. Bahrain has 38 Islamic banks and financial institutions.

Bahrain's underdeveloped insurance market possesses significant profit potential for investors. Total insurance premiums for companies operating in Bahrain increased 5.7 percent to \$389 million, up from \$368. As of 2011, the industry included 177 companies, compared to 179 in 2009. This decrease is due to heavy competition and consolidation as a response to the financial crisis.

The Government of Bahrain (GOB) has identified Islamic banking as one of the main economic growth areas in the coming five years. Islamic banking principles are similar to those of conventional banking, with the exception that Islamic banks must conform to Sharia, or Islamic law. Islamic finance prohibits charging interest for the use of money, and disallows dealing in certain commodities. Islamic banking falls under four main categories:

- Murabiha: cost-plus financing – i.e., buying a product from a supplier and selling it to a customer for a profit;
- Musharraka: a profit sharing system that is similar to equity participation;
- Ijara: leasing;
- Istisna: the financing of construction or manufacturing.

Islamic banking attracts investors because of its profit potential, as well as its religious and ethical approach. While the sector is still small, it has registered strong continual growth despite regional uncertainties that hindered growth in conventional banking. Islamic Banking became an engine of growth in the Kingdom of Bahrain and continues to attract high net-worth individual investors from GCC countries. This sector has grown by an average of 8 percent over the past three years. The Crown Prince and other government officials have voiced Bahrain's commitment to developing the sector further.

Due to the financial crisis and shortage of liquidity in the GCC region, growth in the financial and the insurance sector decreased sharply. During the financial crisis, the CBB played a major role in directing, monitoring, and advising Islamic banks to prevent failures.

## Web Resources

[Return to top](#)

Bahrain Bourse (Stock Exchange)

<http://www.bahrainbourse.net/bhb/default.asp?language=en>

Central Bank of Bahrain (CBB)

[www.cbb.gov.bh](http://www.cbb.gov.bh)

Ministry of Finance (MOF)

<http://www.mof.gov.bh/>

Bahrain Economic Development Board (EDB)

<http://www.bahrain.com/>

Bahrain Exhibition & Convention Authority Authority (BECA)

[www.bahrainexhibitions.com](http://www.bahrainexhibitions.com)

U.S. Embassy Bahrain Commercial Section

<http://bahrain.usembassy.gov/tradeandcommerce.html>

## Education and Training

### Overview

[Return to top](#)

Regionally, Bahrain has been a leader in the field of education, dating back to 1919 when it was the first country in the Gulf to establish a system of formal education. In 2009, Bahrain had a 91.7 percent literacy rate among Bahraini males and an 89.4 percent literacy rate among females, yielding a national literacy rate of 90.8 percent, the highest in the region. The 2011 United Nation Development Program's (UNDP) Human Development Report reported Bahrain as the most developed Arab state with a literacy rate of 91.4 percent, higher than the GCC literacy rate of 86.7 percent. The issue of education has been crucial for Bahrain since independence. State spending on education is \$882.1 million, representing 9.4 percent of the entire \$9.82 billion state budget for 2011-2012. Ministry of Education employees account for approximately 28 percent of all government employees.

Rising demand has led to deficiencies in the state school system. Most parents who can afford to do so send their children to private schools. A U.S. Department of Defense-affiliated school and a number of private schools offer education in English with an American-style curriculum.

Bahrain is home to three public universities and a number of private universities including the Royal College of Surgeons, New York Institute of Technology (NYIT; scheduled to close in 2014), Open University, AMA International, Delmon, The Kingdom, Applied Sciences and a number of educational institutions associated with the Bahrain Institute of Banking and Finance (BIBF) (see Chapter 6: U.S. Investments in Bahrain). Bahrain has a wide range of public and private training centers that concentrate on the technical, financial and tourism sectors.

As part of the 2030 Economic Vision to promote human development, the Government established Bahrain Polytechnic University. Established in 2008, it has become one of the most popular universities in Bahrain and is evolving into a scientific research center.

### Best Prospects

[Return to top](#)

Growth in the education sector is driven primarily by the establishment of new private universities, which the Government supports in order to promote private higher education in Bahrain.

The Crown Prince and BDF Commander-in-Chief launched a national reform initiative in 2004 that is aimed at creating a new economic, labor, education and training vision for the Kingdom. The Government of Bahrain is seeking to establish Bahrain as a regional center for human resource development. Bahrain has over 50 training institutes that offer training in a variety of areas such as hospitality, information technology, business studies, English language studies, and banking. Specialist-training institutions include the Gulf College of Hospitality and Tourism, the Bahrain International College of Health & Beauty, the Regional Institute of Advertising & Marketing, and the Bahrain Institute of Banking & Finance. Major training institutes include the Bahrain Institute for Banking and Finance (BIBF), Bahrain Training Institute (BTI), KPMG, and the British Council.

## Opportunities

[Return to top](#)

The Government of Bahrain is promoting Bahrain as a regional education and training hub, since the educational and vocational training curricula have been recently criticized recently for not adequately preparing Bahrainis for the workforce. The Government is making concerted efforts to turn this situation around. As a part of this initiative the Ministry of Labor and Tamkeen are actively encouraging international education and training organizations to set up bases in Bahrain. With a total investment of approximately \$65 million, six new private universities have opened since late 2006, including Bahrain Polytechnic. The high growth in private education can be attributed to several factors, including: an increased number of full-time working adults seeking part-time internationally accredited degrees, private businesses looking for specialized courses for their employees, and greater demand for private education from neighboring countries like Saudi Arabia.

## Web Resources

[Return to top](#)

Ministry of Education (MOE)

<http://www.moe.gov.bh/en/index.aspx>

Ministry of Labor (MOL)

<http://www.mol.gov.bh/>

Bahrain Civil Service Bureau (CSB)

<http://www.csb.gov.bh/>

University of Bahrain (UoB)

<http://www.uob.edu.bh/english/>

Bahrain Polytechnic University

<http://www.polytechnic.bh/>

Arabian Gulf University (AGU)

[http://www.agu.edu.bh/Default\\_en.aspx](http://www.agu.edu.bh/Default_en.aspx)

Royal College of Surgeons Ireland (Bahrain Medical School)

<http://www.rcsi-mub.com/>

Bahrain Institute for Banking and Finance (BIBF)

<http://www.bibf.com/>

New York Institute of Technology (NYIT) Bahrain

<http://www.nyit.edu.bh/>

Bahrain Training Institute (BTI)

<http://www.bti.com.bh/>

U.S. Embassy Bahrain Commercial Section

<http://bahrain.usembassy.gov/tradeandcommerce.html>



## Electrical Power

### Overview

[Return to top](#)

For the past several years, the Government was forced to implement a program of organized, rolling brown-outs during the peak summer months due to a lack of capacity. A one-day countrywide power failure occurred in summer of 2004 due to mismanagement of power flow near the Alba aluminum manufacturing plant. A Canadian firm was awarded the contract to investigate the power failure. The study showed that both the Ministry of Electricity and Alba were both at fault for summer 2004's power-outage, while discrediting the Ministry's capability in crisis management circumstances.

In June 2003, Ministry of Finance and National Economy (MOFNE) awarded Ernest & Young a contract to study the privatization of the power and water sectors. The current installed government power generation capacity in Bahrain is 1,839 MW.

The Government is moving towards liberalizing electrical production. In 2006, the Government sold their biggest power plant, Al Hidd for \$738 million. In 2004, the first tender was awarded to establish the first private electrical plant called Al Ezzal, an 800MW per day facility. In August 2008, the Government awarded a tender to develop Al Dur Power Station to Gulf Investment Company.

In September 2009, the Government awarded the tender to purchase Electrical Producing Turbines from General Electric in a deal worth \$231 million.

### Best Prospects

[Return to top](#)

Alba provides another 275 MW on standby from its 1,505 MW power station. Demand during the peak summer months forces the Government to draw on this regularly. Electricity consumption per capita in Bahrain is about 480 units a year. In 2007, domestic consumption accounted for 60 percent of demand, industries 19 percent, and commercial establishments 21 percent. Some industries use natural gas to produce their own power. Demand is growing by an average of 6.8 percent annually, and is projected to outstrip even the expanded capacity from power upgrades and the second phase expansion of Al Hidd power station. Already, plans have been announced for the third phase, in which the Government will invest more than \$400 million.

### Opportunities

[Return to top](#)

The Government created an Electricity & Water Commission to oversee the expansion of power production.

In November 2004, Bahrain's new and only private power plant, Al Ezzel Power Company, completed a \$380 million limited-recourse financing for the construction of the first-ever private power plant in Bahrain. The \$500 million plant produces more than 950MW of power per day. HSBC and Societe Generale led the loan, which also included ANZ, Bayerische Landesbank, Calyon, Gulf International Bank, ING, Mashreqbank,

Mizuho, RBS and Standard Chartered. In August 2008, a tender was awarded for the Development of Al Dur Electric and Water Plant to Gulf Investment Company.

Demand is growing by an average of 6.8 percent annually. The demand power creates offers ample opportunities in Bahrain's power sector.

## **Web Resources**

[Return to top](#)

Government of Bahrain (GOB)

<http://www.bahrain.gov.bh/>

Ministry of Finance (MOF)

<http://www.mof.gov.bh/>

Aluminum Bahrain (Alba)

<http://www.aluminiumbahrain.com/en/default.asp>

Bahrain Exhibition & Convention Authority (BECA)

[www.bahrainexhibitions.com](http://www.bahrainexhibitions.com)

Bahrain National Gas Company (Banagas)

<http://www.banagas.com/>

Bahrain's Economic Development Board (EDB)

<http://www.bahrainedb.com/>

U.S. Embassy Bahrain Commercial Section

<http://bahrain.usembassy.gov/tradeandcommerce.html>

## Water Desalination

### Overview

[Return to top](#)

Bahrain is a desert island on the Zone C aquifer stretching all the way to Riyadh. Many years of heavy demand in Saudi Arabia and Bahrain have significantly depleted the aquifer, threatening its long-term viability and allowing seawater to infiltrate. The "sweet water" for which Bahrain was long famous is now brackish and requires treatment before use as drinking water or as process water for industry.

Bahrain currently uses more than 110 million gallons of water per day, or 41.3 billion gallons per year. The local water supply comes mainly from non-renewable groundwater extraction. Supply barely exceeds demand; when routine maintenance work was performed in March 2007, there were rolling water shortages for several weeks. Two-thirds of Bahrain's water is supplied through desalination, and the remaining third comes from the underground aquifer. Approximately 86 million gallons, desalinated and blended, are for drinking purposes. Industries, agriculture, and private gardens use the rest. Pilot projects are underway to use treated effluent for irrigation. The Government aims to have all agricultural water produced this way in the future.

In October 2011, the Higher Commission of Electricity and Water under the Ministry of Energy announced that it expected water consumption in Bahrain to reach an estimated 140 million gallons per day by 2018. Current water project initiatives in the Commission budget involve the new Dour water production plant, a water pipeline from ALBA, and plant expansion for the Ras Abu Jarjur water desalination facility. The Ras Abu Jarjur expansion is expected to yield an additional 16 million gallons of water per day. ALBA already supplies an estimated 7 million gallons per day to the national water network, and is expected to increase its supply to 9 million gallons by the end of next year.

### Best Prospects

[Return to top](#)

The Commission program to upgrade Bahrain's desalination and effluent treatment infrastructure provides opportunities for U.S. companies. Increasingly, water and power production are being integrated through the construction of dual-use plants like those in Hidd and Manama. Water production through desalination is an energy intensive procedure, making it ideal for integration with power generation facilities. The Government subsidizes 60-65 percent of the cost of water to consumers.

Bahrain aims to reduce the abstraction of its scarce ground water resources by building a new water plant in the Hidd area, which will have the capacity to produce 60 million gallons per day. The current production at Hidd is 30 million gallons per day. The second phase of the Al Hidd desalination plant will be opened in the first quarter of 2012..

### Opportunities

[Return to top](#)

The Commission program to upgrade Bahrain's desalination and effluent treatment infrastructure provides opportunities for U.S. companies. Increasingly, water and power production are being integrated through the construction of dual-use plants like those in Hidd and Manama. Water production through desalination is an energy intensive

procedure, making it ideal for integration with power generation facilities. The Government subsidizes 60-65 percent of the cost of water to consumers.

## **Web Resources**

[Return to top](#)

Government of Bahrain (GOB)

<http://www.bahrain.gov.bh/>

Bahrain Economic Development Board (EDB)

<http://www.bahrainedb.com/>

Bahrain Exhibition & Convention Authority (BECA)

[www.bahrainexhibitions.com](http://www.bahrainexhibitions.com)

U.S. Embassy Bahrain Commercial Section

<http://www.bahrainexhibitions.com/>

## Construction

### Overview

[Return to top](#)

The construction sector has witnessed a slowdown due to the global financial crisis, and regional political turmoil. A lack of liquidity and demand has resulted in a 30 percent drop in the real estate market in 2011. Many luxury residential projects have been delayed or cancelled. However, large-scale government infrastructure projects continue to stimulate the sector and had a spillover effect in supply industries.

In 2011/2012, the Government approved a strategic budget of \$4.42 billion for special infrastructure projects. The projects include a new bridge to connect the Northern City to Manama, flyovers, new hospitals, clinics, housing projects, new roads and the expansion of Bahrain International Airport. The Government has also increased transportation expenditure in 2010 to build new flyovers near Al Zinj, Sitra, Seef District, and near the Bahrain International Circuit racetrack.

The Government is moving towards constructing affordable housing in partnership with the Private sector. In October 2011, Naseej Construction company won a tender to assist in building affordable houses a tender worth USD 1.28 billion. In November 2011, Great Lakes Dredge & Dock Co. of Oak Bridge, Illinois was awarded a USD 57 million contract by the Ministry of Housing to reclaim land for the East Hidd Housing Development Project, to be used for more than 4,000 affordable housing units.

The Ministry of Housing allocated all their efforts to speed-track all the Housing Projects that were delayed in the financial crisis, especially in the Northern City, Sitra, and the Southern Governorate.

### Best Prospects

[Return to top](#)

Ministry of Finance (MOF) reported a 3.2 percent growth in the construction sector, from \$318 Million in 2009 to \$328.1 million in 2010. The construction sector faced many challenges due to the credit crunch, particularly in the residential real estate market. Many development projects have been delayed or cancelled. The construction sector requested the Government intervene to prevent companies or projects from failing.

Global Finance House reported that the real estate and construction sector will slow-down due to the regional political and economic crisis in the Kingdom of Bahrain.

### Opportunities

[Return to top](#)

The Government of Bahrain plans to spend USD 7 billion on public housing over the next five years, a move that will be the key driver of the real estate and construction sectors. As a result, the construction industry is expected to grow by a compound annual growth rate of 7.76 percent between 2011 and 2015.

The Government of Bahrain's 2011-2012 budget is the largest in the country's history. As part of Economic Vision 2030, the budget includes funding for major construction

initiatives including the Northern Bridge City, a new industrial city, new roads, flyovers, hospitals, and clinics.

The Economic Development Board is taking an initiative to modernize the infrastructure in the kingdom to attract foreign direct investments.

## Web Resources

[Return to top](#)

Government of Bahrain (GOB)

<http://www.bahrain.gov.bh/>

Ministry of Industry & Commerce (MOIC)

<http://www.moic.gov.bh/moic/en>

Ministry of Finance (MOF)

<http://www.mof.gov.bh/>

Ministry of Labor (MOL)

<http://www.works.gov.bh/default.asp>

Economic Development Board (EDB)

<http://www.bahrainedb.com/>

Ministry of Municipalities and Agriculture (MOMA)

<http://www.municipality.gov.bh/>

General Organization of Ports (GOP)

<http://www.gop.bh/>

Bahrain International Circuit (BIC)

<http://www.bici.org.bh/>

Bahrain Financial Harbour (BFH)

<http://www.bfharbour.com/>

Bahrain Exhibition & Convention Authority (BECA)

[www.bahrainexhibitions.com](http://www.bahrainexhibitions.com)

Bahrain Tender Board

<http://www.tenderboard.gov.bh/>

U.S. Embassy Bahrain Commercial Section

<http://bahrain.usembassy.gov/tradeandcommerce.html>

## Agricultural Sectors

[Return to top](#)

High value U.S. food and beverage products with strong market potential in Bahrain include, in decreasing order: frozen poultry parts; snack foods; processed fruits and vegetables; frozen beef; fresh apples and pears; beer; tree nuts, particularly almonds; dairy products, particularly cheeses; seafood, particularly crab; fruit and vegetable juices; breakfast cereals; prepared meats; packaged rice; dry pulses; and miscellaneous food products, particularly hot sauces, salad dressings, catsup, mayonnaise, vinegar, iodized salt, frozen dough mixes and coffee whiteners. In addition, growth in the local food processing industry will continue to spur demand for beverage bases. Growth in the hotel/restaurant sector may lead to increased demand for U.S. beef products, bakery ingredients, wines and beer.

## Frozen/Chilled Beef

[Return to top](#)

<b>Beef*</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
A. Total Market Size	4.9	5.1	5.2
B. Total Local Production	**	**	**
C. Total Exports	0	0	0
D. Total Imports	4.9	5.1	5.2
E. Total Imports from U.S.	0.9	1	1.12

\* Estimates in thousand metric tons

Source: ATO-Dubai estimates

\*\* Negligible

The rapidly expanding hotel/restaurant (HRI) sector, including American fast food/quick service restaurants, prompted a notable increase in imports of U.S. beef. India and Australia dominate the frozen beef market, while imports from Europe, specifically from Ireland, France and the Netherlands, have been curtailed due to the incidence of BSE in that region. Bahrain did not impose a ban on U.S. beef imports after a case of BSE was reported in late 2003.

## Poultry Meat

[Return to top](#)

<b>Poultry Meat*</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
A. Total Market Size	30.5	31	31
B. Total Local Production	4	4	4
C. Total Exports	0	0	0
D. Total Imports	26.5	27	27
E. Total Imports from U.S.	2.6	2.8	2.8

\* Estimates in thousand metric tons

\*Source: ATO-Dubai estimates

U.S. poultry meat, particularly chicken parts and to a lesser degree whole chickens and turkey, are well known for their high quality. This past year witnessed a large influx of brand-name chicken parts at very competitive prices. Brazil, France, Saudi Arabia and Denmark dominate the market for frozen whole chickens. Brazil and the U.S. dominate the market for chicken parts. Whole chickens represent 90 percent of total chicken meat imports. The preferred size for chicken ranges from 900-1,200 grams per bird. Chicken

parts are imported in two-pound trays. The presence of U.S. and allied forces in Kuwait and Iraq, as well as the flow of aid and other commercial shipments to Iraq, should continue to sustain or even increase demand from all sources including the U.S. in 2008 and 2009.

## Resources

[Return to top](#)

The U.S. Agricultural Trade Office (ATO) in Dubai administers U.S. Agricultural interests in the GCC countries of Bahrain, Kuwait, Oman, Qatar, and the United Arab Emirates. Contact details:

### **U.S. Agriculture Trade Office - Dubai**

American Consulate General

P.O. Box 121777

At the corner of Al Seef Rd. and Sheikh Khalifa bin Zayed Rd,  
Dubai, U.A.E.

Tel: +971 4 309 4000

+971 4 354 7279

E-mail: [atodubai@usda.gov](mailto:atodubai@usda.gov)

Website: [http://dubai.usconsulate.gov/dubai/con\\_offices/agri\\_affairs.html](http://dubai.usconsulate.gov/dubai/con_offices/agri_affairs.html)

Work Hours: Sunday-Thursday, 08:30-17:00

### **U.S. Department of Agriculture – Export Requirements for Bahrain**

[http://www.fsis.usda.gov/regulations/bahrain\\_requirements/index.asp](http://www.fsis.usda.gov/regulations/bahrain_requirements/index.asp)

[Return to table of contents](#)



[Return to table of contents](#)

## Chapter 5: Trade Regulations, Customs and Standards

- [Import Tariffs](#)
- [Trade Barriers](#)
- [Import Requirements and Documentation](#)
- [U.S. Export Controls](#)
- [Temporary Entry](#)
- [Labeling and Marking Requirements](#)
- [Prohibited and Restricted Imports](#)
- [Customs Regulations and Contact Information](#)
- [Standards](#)
- [Trade Agreements](#)
- [Web Resources](#)

### Import Tariffs

[Return to top](#)

With the entry into force of the U.S.-Bahrain Free Trade Agreement in August 2006, bilateral trade in industrial and consumer products, with the exception of a few agricultural items, is now duty free. Bahrain will phase out tariffs on the remaining handful of agricultural product lines by 2015. Textiles and garments are duty exempt, providing new opportunities for U.S. and Bahraini fiber, yarn, fabric and apparel manufacturing. Generally, to benefit from preferential tariffs under the FTA, textiles and apparel must be made from either U.S. or Bahraini yarn and fabric. The FTA provides a temporary transitional allowance for textiles and apparel that do not meet these requirements in order to assist U.S. and Bahraini producers in developing and expanding business contacts.

Despite the entry into force of the FTA, difficulties remain for duty-free access of selected goods. Customs occasionally attempts to collect custom duties on some items, and there have been reports that goods that are not individually labeled “Made in the USA” do not receive the preferential treatment they are accorded under the FTA. These matters are currently being addressed bilaterally.

Foreign, non-American/GCC goods are imported according to Bahrain’s tariff schedule, listed below. In January 2003, Bahrain took a step toward further GCC integration by ratifying the GCC Unified Customs Union. The agreement eliminated tariffs for GCC member states on 426 items (primarily food and medical products), and lowered to five percent its import duties on all other commodities except alcohol (125% duty) and tobacco (110% duty). Over the next three years, the GCC countries plan to implement a unified tariff standard and a single-point-of-entry system. According to the GCC Secretary General for Economic Affairs, intra-GCC trade rose from \$62.9 billion in 2009 to approximately \$78.6 billion in 2010, an increase of 25 percent. The Government made several changes to its customs duties regime to comply with the newly-established GCC Unified Customs Union. New customs classifications are as follows:

▪ Duty Exempt	Includes 426 listed commodities, mostly food and medical products
▪ 5 percent import duty	All other commodities, except tobacco and alcoholic beverages
▪ 110 percent import duty	Tobacco
▪ 125 percent import duty	Alcoholic beverages

In principle, no tax or duty is payable on raw material imports, semi-manufactured goods to be used in manufacturing, imports required for development projects (not including spare parts), transshipments, and re-exports.

Bahrain has phased out most subsidies for export industries, but permits duty-free importation of raw materials for export products and of equipment and machinery for newly established export industries. All industries in Bahrain, including foreign-owned firms, benefit from government-subsidized utilities.

Foreign products entering or already in the GCC are dealt with as follows:

- Goods imported to the GCC after January 1, 2003 will be granted entry if the importer presents certificates issued by the first single-entry point as a proof that his customs duties have been paid after the establishment of the customs union;
- Goods imported to the GCC after January 1, 2003, and for which the importer fails to prove payment of customs duties after the establishment of the customs union, shall have their customs duty collected at the customs point of the country of final destination;
- The customs declaration for statistical purposes shall be prepared manually by the owner of the goods or the person who acts on his behalf, or by computer, and shall be approved at the customs exit point and have the local invoices attached to it. Invoices are required to detail the correct value and origin of the goods;
- The importer must ensure that the customs authority has made the necessary endorsements that justify the entry and exit of the goods on the basis of the statistical declaration.

## Trade Barriers

[Return to top](#)

For health and religious reasons, alcoholic beverages are assessed a 125 percent customs duty and tobacco products a 110 percent duty. There is no local production of these goods. In 2008, GCC Health Ministers including Bahrain agreed to impose a tobacco "health tax," increasing the effective duty on tobacco by 200 percent. As a result of the FTA, prior restrictions on the foreign provision of engineering, legal and construction services have been lifted; restrictions on pilotage services remain in effect.

## Import Requirements and Documentation

[Return to top](#)

## Customs Procedures

Following the completion of the Customs Bill of Entry by the importer or representative agent, the customs authority stipulates the beginning of the clearing process, composed of the following:

- Statistics Office
- Restriction on import and export (Imports and Exports Restriction Office)
- Auditing the customs charges and other charges
- Payment to Cashier of related charges
- Inspection and checking of documents

### **Customs regulation**

In general, the following will apply:

- No customs duty is payable on goods imported in transit or for trans-shipment;
- No customs duty is payable on exports;
- Raw materials and equipment for use in manufacturing are exempt from duty under the Protection and Support Law;
- Duty exemption for qualified goods is available under the GCC Trade Exchange, the Bilateral Trade Agreement, and the Arabian Free Trade Area Agreement;
- Exemption is available for goods stored in bonded warehouses;
- All other imports are subject to customs duty at rates set in the customs tariff. These apply on CIF Bahrain value.

For imports, Bahraini Customs requires the following documents:

- A Delivery Order issued by the Shipper or the Liner's Agent;
- A Supplier's commercial invoice in duplicate (in Arabic or English);
- A Packing List in duplicate;
- A Certificate of Origin in Arabic or English (produced by a Chamber of Commerce and endorsed by an Arab Embassy);
- A copy of the Insurance Certificate, if applicable;
- A Bill of Lading (four copies), including gross weight and dimensions;
- A bank payment voucher or bank receipt;
- A statistical declaration if the final destination for the goods is in one of the GCC states.

For food items, the Bahraini Customs Directorate Handbook requires importers to present a manufacturer's certificate stating that goods do not contain cyclamates.

Imported and exported goods are classified according to the Standard International Trade Classification (SITC), Revision 3.

For more information or inquiries please contact:

### **Bahrain Customs**

P.O. Box 15

Manama

Kingdom of Bahrain

Tel: +(973) 17-725333

Fax: +(973) 17-727556  
Website: <http://www.bahraincustoms.gov.bh/>  
E-mail: [customs@batelco.com.bh](mailto:customs@batelco.com.bh)

## **U.S. Export Controls**

[Return to top](#)

The U.S. Government has established export controls to limit proliferation of certain items, services or technologies of defense or dual-use nature. There are several regulatory bodies responsible for ensuring that compliance issues are met. The following list includes most of these bodies, a number of which maintain websites with further information. For additional assistance, contact your local [U.S. Export Assistance Center \(USEAC\)](#).

- [Department of Commerce, Bureau of Industry and Security \(BIS\)](#)
- Department of State, Directorate of Defense Trade Controls (DDTC)
- [Department of the Treasury, Office of Foreign Assets Control \(OFAC\)](#)
- [Nuclear Regulatory Commission, Office of International Programs](#)
- Department of Energy, Office of Arms Controls and Nonproliferation, Export Control Division
- [Department of Energy, Office of Fuels Programs](#)
- [Defense Threat Reduction Agency - Technology Security](#)
- [Department of the Interior, U.S. Fish & Wildlife Service, Division of Management Authority](#)
- Drug Enforcement Administration, International Drug Unit
- Drug Enforcement Administration, International Chemical Control Unit

- Food and Drug Administration, Office of Compliance
- Food and Drug Administration, Import/Export
- [Patent and Trademark Office, Licensing and Review](#)
- [Environmental Protection Agency, Office of Solid Waste, International and Special Projects Branch](#)

## **Temporary Entry**

[Return to top](#)

The Government of Bahrain already implemented a Free Trade Zone in 2011, located near Khalifa Bin Salman Port. Facilities located in Mina Salman and Mina Khalifa may be used for the temporary import of goods for re-export. Moreover in 2011 the General Organization of Ports started a marketing campaign world-wide for their Logistic Zone located near the new port facility.

## **Labeling and Marking Requirements**

[Return to top](#)

Labeling: Common GCC labeling standards of imported goods are a key issue facing U.S. exporters. Food labels must include product and brand names, production and expiration dates, country of origin, name and address of manufacturer, net weight in metric units, and a list of ingredients in descending order of magnitude. All fats and oils (including gelatins) used as ingredients must be specifically identified on the label. Labels must be in Arabic or in Arabic/English. Arabic stickers are accepted and are commonly used by U.S. exporters to Bahrain. Small quantities of products in English-only labels may be approved for import on a case-by-case basis for test marketing purposes. Pork products, or products containing pork or pork lard, should be clearly identified as such on the label. Products found to contain traces of pork that are not so labeled will be confiscated and possibly banned from future import for a specified period of time. To avoid confusion over duty-free treatment under the FTA, American-made goods should be clearly marked "Made in the USA."

## **Prohibited and Restricted Imports**

[Return to top](#)

According to the Bahrain Customs Handbook, a number of items are prohibited from import including:

- Irradiated food products;
- Weapons, except under special license;
- Pornography and materials considered salacious;
- Wild animals;
- Radio-controlled model airplanes;
- Children's toys containing methyl chloride and other articles declared injurious by the Ministry of Health (MOH);
- Foodstuffs and sweets containing cyclamates.

Bahrain requires that pharmaceutical products be imported directly from a manufacturer with a research department, and that the products be licensed in at least two other GCC countries, one of which must be Saudi Arabia. Drugs and medicines may be imported only by a drug store or pharmacy licensed by the Ministry of Industry and Commerce after approval by the Ministry of Health. Bahrain is also taking steps to ban the import of 139 chemicals based on a memorandum passed by the Ministry of Health in October of 2011.

All imported beef and poultry products require a health certificate issued by the country of export, and a Halal slaughter certificate issued by an approved Islamic center in that country.

For an up-to-date copy of the prohibited items list, please visit Bahrain's Customs website: <http://www.bahraincustoms.gov.bh>.

### **Sanctions imposed on imports**

As a member of the Arab League, Bahrain is officially committed to enforcement of the primary aspect of the Arab League's boycott of Israel, but enforcement is lax. Bahrain does not enforce the secondary or tertiary aspects of the boycott. Occasionally, U.S. citizens and firms encounter tender documents that specify participation in the boycott, which U.S. firms cannot legally sign. Document language in such instances is usually quickly adjusted. The Government of Bahrain has made efforts to withdraw all old tender documents, and new articles were drafted in harmony with WTO requirements.

### **Export Subsidies**

Bahrain has phased out most subsidies for export industries, but permits duty-free importation of raw materials for export products and of equipment and machinery for newly established export industries. All industries in Bahrain, including foreign-owned firms, benefit from government-subsidized utilities.

## Customs Regulations and Contact Information

[Return to top](#)

For more information, contact the Bahraini Directorate of Customs Affairs at:

Bahrain Customs Directorate  
Customs Affairs – Ministry of Interior,  
Sh. Khalifa Bin Salman Road  
Hidd, Kingdom of Bahrain  
Tel: +973 17 359 999  
E-mail: [info@customs.gov.bh](mailto:info@customs.gov.bh)  
Website: <http://www.bahraincustoms.gov.bh/>

## Standards

[Return to top](#)

- [Overview](#)
- [Standards Organizations](#)
- [Conformity Assessment](#)
- [Product Certification](#)
- [Accreditation](#)
- [Publication of Technical Regulations](#)
- [Labeling and Marking](#)
- [Contacts](#)

## Overview

[Return to top](#)

As part of the GCC Customs Union, member countries are working toward unified food standards –targeted for adoption by 2013, the project has been postponed. However, each country currently applies either its own standard or a GCC standard, which can cause confusion for businesses.

Bahraini standards are required to meet national requirements (safety, quality, and fitness for purpose), as prepared by the respective technical committees. Most often, Bahraini standards are adoptions of international or Gulf standards and the development of standards in Bahrain is based on the following principles: a) no Bahraini standard is to be developed if there is an identical draft Gulf standard in existence, b) developing new Bahraini standards must not create trade barriers.

The total number of Gulf standards adopted as Bahraini standards currently stands at 1,020, out of which 520 are mandatory and 500 are voluntary. There are also approximately 201 draft Gulf standards in the pipeline. In March 2010, GCC Finance Ministers agreed to establish a committee to oversee and speed up the process to unify Gulf Standards. In November of 2011, the Finance Minister declared that the GCC Secretariat will oversee the fast tracking of the Unified Gulf Standards.

Bahrain's Standards and Metrology Directorate (BSMD) is a government institution within the Ministry of Industry and Commerce. It is responsible, in accordance with Legislative Decree No. 16 of 1985 on Standards and Metrology, as amended by

Legislative Decree No. 13 of 1992, for issuing Bahrain's standards, either by adopting as national standards the international or Gulf standards issued by the Gulf Cooperation Council (GCC) Standards and Metrology Organization, or by preparing standards to meet national requirements.

The BSMD is led by a National Committee that acts as the Board of Directors. This board, made up of representatives from relevant ministries and the Chamber of Commerce as well as individual experts, is the highest authority on standards and metrology. The BSMD consists of two sections: the Standards & Information section and Quality Assurance & Metrology section.

Standardization in Bahrain can be traced back to the late 1960s when traffic was shifted from the left to the right side of the road, and liquid measures were converted from the imperial gallon to the liter. The pound was used for mass measurements, and the foot, yard, and mile for length and area measurements. The changeover to the metric system set the pace for standardization in Bahrain.

## Standards Organizations

[Return to top](#)

The Bahraini body concerned with establishment and overview of standards is the Bahrain Standards and Metrology Directorate (BSMD), of the Ministry of Industry and Commerce, which can be reached at:

Ministry of Industry & Commerce  
Bahrain Standards & Metrology Directorate  
Diplomatic Area  
P.O. Box 5479

Manama, Kingdom of Bahrain

Phone: (+ 973) 1757 4871

Fax: (+973) 1753 0730

E-mail: [bsmd@moic.gov.bh](mailto:bsmd@moic.gov.bh)

Website:

<http://www.moic.gov.bh/MoIC/En/Commerce/StandardizationConsumerProtection/StandardsMetrologyDirectorate/>

The GSO may be reached at the following address:

GCC Gulf Standardization Organization

P.O. Box 85245

Riyadh 11961

Phone: (+ 966) 1 - 2746655

E-mail: [gso@gso.org.sa](mailto:gso@gso.org.sa)

### Notify U.S. Service

Member countries of the World Trade Organization (WTO) are required under the Agreement on Technical Barriers to Trade (TBT Agreement) to report to the WTO all proposed technical regulations that could affect trade with other Member countries. The U.S. National Center for Standards and Certification Information operates "Notify U.S.", a free, web-based e-mail subscription service that offers an opportunity to review and



comment on proposed foreign technical regulations that can affect your access to international markets. Register online at Internet URL: <http://www.nist.gov/notifyus/>

## **Conformity Assessment**

[Return to top](#)

The Standards and Metrology Directorate has established an office in Khalifa Bin Salman Port in the Customs Department to check and approve all regulated products before they enter the market. Currently, controlled products include the following:

1. Tires
2. Car batteries
3. Asbestos
4. Toys
5. Plastic bags
6. Tissue papers
7. Electric Appliances
8. Cosmetics, etc.

## **Product Certification**

[Return to top](#)

A product certificate is required to assure the product's conformity to international or Bahrain/GCC standards.

## **Accreditation**

[Return to top](#)

In 1977 a law for measures of mass, length, and volume was published making the use of the kilogram mandatory. In 1979, the use of the meter in the textile trade and land registration was also made mandatory.

In 1978, Bahrain joined the Arab Organization for Standardization and Metrology (ASMO), now the Arab Center for Standards and Metrology within the Arab Organization for Industrial Development and Mining (AIDMO). Bahrain and the other Gulf States then established the Standardization and Metrology Organization for GCC States (GSMO) in 1984.

At the International level, Bahrain joined the International Organization for Standardization (ISO), and the International Organization for Legal Metrology (OIML) in 1984 as a correspondent member.

In 1985, a law for Standards and Metrology was passed giving the primary responsibility for standards to the Ministry Of Commerce. In 1988, the Directorate of Standards and Metrology at the Ministry of Commerce was officially established in Bahrain to act as a national Standards body.

The Directorate has been implementing quality development activities since 1996. An ongoing project in collaboration with the United Nations Industrial Development Organization (UNIDO) aims to provide assistance and consulting to local companies as they implement the ISO 9001 Standard. In 1999, the Directorate began implementing

Total Quality Management (TQM) for small and medium sized enterprises (SMEs). In July 2009, the Directorate enhanced their communication with other ministries including the MOH, General Organization for Ports (GOP) and Customs, and conducted training and seminars to enhance and speed up the process.

### **Quality Unit**

In accordance with the agreement between the Ministry of Commerce and the United Nations Development Program (UNDP), the Quality Unit of the Directorate of Standards and Metrology provides consulting services to small and medium sized enterprises to meet the requirements for ISO 9000 certification. Quality Unit staff, with the assistance of a UNIDO expert, provided guidance to six service companies involved in phase two of the quality project. The guidance involved the final documentation of quality systems, and the pre-assessment process. Four out of six of these companies have documented and implemented their quality system.

### **Publication of Technical Regulations**

[Return to top](#)

The National Committee of the Directorate of Standards and Metrology approves and issues procedures for the implementation of national standards. The National Committee has approved several GCC standards as mandatory. It issued these in the form of a ministerial order, and also published them in the Official Gazette.

The Official Gazette is available on the website of the [Legal Affairs Directorate](#) (Arabic only).

### **Trade Agreements**

[Return to top](#)

Bahrain is a member of the Gulf Cooperation Council (GCC). Duty-free access from Bahrain to other GCC countries is granted provided exported products have a minimum of 40 percent local value-added. According to the Bahraini Ministry of Finance, Bahrain signed 32 bilateral trade agreements with Arab and non-Arab countries around the world, categorized as follows:

- Agreements on the promotion and protection of investments
- Agreements on the avoidance of double taxation and prevention of income tax evasion
- Agreements on reciprocal exemption from income tax in the business of international air transport
- Agreements on economic, trade, and technical co-operation

Bahrain and the U.S. signed a bilateral investment treaty (BIT) in September 1999, the first BIT between the United States and a GCC state. The agreement entered into force in May 2001.

In August 2006, the U.S.-Bahrain Free Trade Agreement came into force. Bahrain was the first and remains one of only two GCC countries with a U.S. FTA. High-level government officials have promoted the FTA as a way to increase Foreign Direct Investment.

As of October 2011, Bahrain had bilateral investment protection agreements in place with Algeria, Singapore, Thailand, Tunisia, Belgium, Luxembourg, China, Egypt, Jordan, Malaysia, Morocco, Syria, Belgium, Russia, the Philippines and the UK. Bahrain has economic and commercial cooperation agreements with Italy, Germany, France, Norway, Australia, Bangladesh, Belgium, Denmark, the Philippines, China, Egypt, France, Greece, India, (Iraq), Jordan, Morocco, the Netherlands, Russia, Singapore, South Korea, Syria, Tunisia, Turkey and the UK.

Bahrain has air transportation tax agreements with Italy, Luxembourg, Germany, China, France, Greece, Singapore, Turkey, UK, U.S. and Yemen, and two transportation agreements with Syria. Bahrain has concluded double taxation agreements with Egypt, Belgium, Belgium, Russia, United Kingdom, Ireland, Norway, Indonesia Germany, Italy, Russia, France, India, Jordan, Malaysia, Morocco, the Philippines, Thailand and Tunisia.

## Web Resources

[Return to top](#)

**Bahrain Standards & Metrology Directorate**, Ministry of Industry & Commerce  
<http://www.moic.gov.bh/MoIC/En/Commerce/StandardizationConsumerProtection/StandardsMetrologyDirectorate/>

[Return to table of contents](#)

## Chapter 6: Investment Climate

- [Openness to Foreign Investment](#)
- [Conversion and Transfer Policies](#)
- [Expropriation and Compensation](#)
- [Dispute Settlement](#)
- [Performance Requirements and Incentives](#)
- [Right to Private Ownership and Establishment](#)
- [Protection of Property Rights](#)
- [Transparency of Regulatory System](#)
- [Efficient Capital Markets and Portfolio Investment](#)
- [Competition from State Owned Enterprises](#)
- [Corporate Social Responsibility](#)
- [Political Violence](#)
- [Corruption](#)
- [Bilateral Investment Agreements](#)
- [OPIC and Other Investment Insurance Programs](#)
- [Labor](#)
- [Foreign-Trade Zones/Free Ports](#)
- [Foreign Direct Investment Statistics](#)
- [Web Resources](#)

### **Openness to Foreign Investment**

[Return to top](#)

The Government of Bahrain has a generally liberal approach to foreign investment and actively seeks to attract foreign investors and businesses. The growth of foreign direct investment (FDI) is one of the Government's top priorities. A Free Trade Agreement between the U.S. and the Kingdom of Bahrain went into effect in 2006.

The World Bank's "Doing Business 2012" report ranks Bahrain at No. 38 out of 183 countries in the world for "ease of doing business" for foreign investors. The 2011 Heritage Foundation Index of Economic Freedom ranked Bahrain 10 out of 183 countries, with a score of 77.7, or "mostly free." Bahrain ranked 46 on Transparency International's Corruption Perceptions Index in 2011, with a score of 5.1.

The Government has focused its efforts on the entry of new private firms, particularly in the information and communications technology, education and training services, tourism, financial services, business services, healthcare services and downstream industries. Bahrain's Crown Prince is also an outspoken proponent of privatization in Bahrain, and took over the chairmanship of the Economic Development Board (EDB), with a stated goal to provide a "one-stop-shop" for potential investors. The EDB is a driving economic force to implement the Kingdom's Economic Vision 2030 to reform education, labor, business practices, and training. The EDB coordinates closely with the Bahrain Development Bank (BDB) to support and assist small and medium business, and with Tamkeen (formerly known as Labor Fund), a capacity-building organization tasked with training the Bahraini workforce.

In an economy largely dominated by parastatals (outside of the financial services sector), the Government of Bahrain seeks to foster a greater private sector role in economic growth. Following the creation of a Supreme Privatization Council in the spring of 2001, King Hamad bin Isa Al-Khalifa issued a decree on October 2002 laying out guidelines for privatizing tourism, telecommunications, transport, electricity and water, ports and airport services, oil and gas, stock exchange, and postal service sectors. In June 2006, the Government formed the Bahrain Mumtalakat Holding Company to manage all of the Government's investments. Mumtalakat has an official objective to reduce their shares in any company to less than 50%. At the end of 2011, Mumtalakat held a 100% share in the following companies:

- Al-Awali Real Estate Company
- Bahrain Airport Company
- Bahrain Food Holding Co.
- Bahrain International Circuit
- Bahrain Real Estate Company (Edamah)
- Gulf Air
- Gulf Air Group Holding Company
- Howar Island Development Company
- Tourism Projects Company
- @ Bahrain

Mumtalakat reduced its share of Aluminum Bahrain (ALBA) to 59%, following an IPO in November of 2010; all of its other holdings are below a 50% share.

The telecommunications sector was the first key sector to be liberalized in Bahrain following the Government's announced interest in opening traditionally government-controlled industries. The Telecommunications Regulatory Authority (TRA), established in late 2002, awarded a mobile telecommunications services license to MTC-Vodafone (now known as Zain Telecommunication Company), thus ending the monopoly of Bahrain's telecom services provider, Batelco. The license was awarded under the Telecommunications Law of 2003 and the sector was fully liberalized in July 2004. Telecommunications liberalization extended to paging services, very small aperture terminal (VSAT), public access mobile radio services, international telecommunications facilities, international telecommunications services, national fixed services, internet service provider (ISP) and value-added services. As of September 2011, the TRA has licensed five International Telecommunications Facility licenses (IFLs), nine International Telecommunications Services Licenses (ISLs), seven VSATs, 22 value-added Services (VAS) and 11 Internet Service Provider (ISP). Also under the new Telecommunication Law, mobile provider Zain International relocated their headquarters from Kuwait to Bahrain. In January 2009, the TRA awarded a third mobile telecom license to Saudi Telecom Company (STC) that began operating in March 2010. The TRA claims more than 1.5 million mobile lines are operating in the Kingdom of Bahrain with a market penetration of 107 percent. Due to the small market that is highly saturated, the TRA is cautious in granting licenses for new providers of telecommunication services but are looking for new technologies that can be adopted by the existence companies or establishment of new companies.

The public transportation service was also privatized in 2003. CARS, a Bahraini-UAE joint venture, started operating in May 2003 and now operates 86 buses. The

Government has renewed the contract with CARS until April 2012. The Government's total investment in the public transportation privatization project has reached approximately USD 21 million.

The Kingdom's first independent power plant project (IPP) was also successfully tendered and awarded to Bahraini-based Al Ezzel Independent Power Producer (IPP), which is equally owned by a Belgian-Gulf consortium of Tractebel EGI and Gulf Investment Corporation. In 2006, the Government sold their biggest electrical plant Al Hidd Power Station for USD 728 Million to the consortium. In 2008, the Tender Board awarded a USD 2.2 billion contract to build a new electrical power plant in Bahrain—the Al Dur Water and Power Station—to Kuwait-based Gulf Investment Corporation(GIC) and France's GDF Suez. In September 2009 the Higher Commission of Electricity awarded a \$240 million contract to General Electric purchase new gas turbines as part of a plan to expand the existing Al Dur Power Plant.

In 2008, the Government founded the General Organization of Ports to oversee all port activities, including both marine and air. In 2006, Denmark's Muller was awarded a contract to manage Mina Salman and the new Mina Khalifa ports. The new port officially started operating in November 2009.

In 2006 the Bahrain Monetary Agency transformed into the Central Bank of Bahrain (CBB). Seeking to maintain Bahrain's status as the Gulf region's preeminent financial center, the CBB changed its licensing practices in 2006 to give banks greater opportunities to invest domestically and regionally. The CBB has been active in developing regulations for the Islamic Banking sector, and has been instrumental in making Bahrain a recognized center of Islamic Banking.

In January 2011, the Bahrain Stock Exchange was transformed to a closed shareholding company. The newly-branded Bahrain Bourse is wholly owned by the GOB and regulated by the Central Bank of Bahrain. Bahrain Bourse now plans to increase its number of listed companies, boost share turnover and attract new domestic and foreign investors. The Bahrain Bourse allows GCC firms and GCC citizens to own up to 100 percent of listed Bahraini companies. Non-GCC firms/citizens may own up to 49 percent of listed Bahraini companies, and 100 percent of foreign companies.

In November 2011, the Central Bank of Bahrain (CBB) announced that the banking sector is considered sound and stable, despite the ongoing civil & political unrest in Bahrain and the region. After urging by the CBB, Islamic banks have begun merging to create stronger entities, enhance competitiveness and allow the sector to overcome the financial crisis.

In March 2004, as part of an effort to stimulate the insurance industry and reinforce Bahrain's position as a major insurance center in the Middle East, the Bahrain Monetary Authority -- now the Central Bank of Bahrain (CBB) -- loosened ownership restrictions. Insurance firms, which were previously required to have at least 51 percent Bahraini-ownership, are now permitted to operate with 100 percent foreign-ownership. The CBB is holding consultations on further reform in areas such as captive insurance, solvency, business conduct, risk management and financial crime, enforcement, BMA reporting and public disclosure, intermediaries, and Islamic insurance. Taxation and import laws apply equally to Bahraini and foreign-owned companies, and foreign investors must comply with the same requirements and legislation as local firms.

Bahrain requires that pharmaceutical products be imported directly from a manufacturer with a research department and that the products be licensed in at least two other GCC countries, one of which must be Saudi Arabia. Drugs and medicines may be imported only by a drug store or pharmacy licensed by the Ministry of Commerce after approval by the Ministry of Health.

Bahrain prohibits the importation of weapons (except under special license), pornography, wild animals, radio-controlled model airplanes, foodstuffs containing cyclamates, and children's toys containing methyl chloride (and other articles declared harmful by the Ministry of Health).

Bahrain has phased out most subsidies for export industries, but permits duty-free importation of raw materials for export products and of equipment and machinery for newly-established export industries. All industries in Bahrain, including foreign-owned firms, benefit from Government subsidized utilities.

Bahrain offers several advantages to U.S. and other foreign investors. In May 2001 a Bilateral Investment Treaty with the United States came into force. The U.S.-Bahrain Free Trade Agreement has been in force since August 2006.

The Government actively seeks Bahraini and foreign private investments in large infrastructure projects. Previously, most of these activities were funded by development agencies from other Gulf countries (particularly Kuwait, UAE, and Saudi Arabia). Foreign-owned companies are eligible for partial financing from the state-owned Bahraini Development Bank (BDB), and Tamkeen, if they meet certain criteria such as providing training and employment to a significant number of Bahrainis.

A period of political and civil unrest began in Bahrain on February 14, 2011. As of March 2012, demonstrations continue, occasionally devolving into violent clashes between demonstrators and police (see **Political Violence**, below). These violent clashes between security forces and demonstrators often make travel in and around Bahrain dangerous without advance warning. There are no indications that Westerners or U.S. citizens are being targeted directly, but isolated examples of anti-U.S. sentiment have been seen on the streets and have taken on the form of U.S. flag burning during demonstrations. The unrest has had a limited impact on American businesses in Bahrain. In early 2011, some foreign companies temporarily evacuated their employees and dependents to neighboring countries. Many of those employees and dependents did return to Bahrain by the end of the year. In 2011 and 2012 all travelers to Bahrain faced increased scrutiny from Bahraini authorities, and the Government of Bahrain refused to allow some U.S. citizens permission to enter Bahrain.

The use of official travel bans -- prohibiting an individual from leaving the country until a business or legal dispute is resolved -- is a cause for concern. In 2010, 2011 and 2012, the Embassy received several reports of travel bans imposed on Americans and other foreign citizens over business disputes. Under current law, any party can request a travel ban on another by filing a request in court and paying a nominal fee. It can take months or years to get a ban lifted. A person under a travel plan also cannot depart Bahrain in order to change employers. There are a few American citizens under a travel ban due to unpaid debts, but also unable to seek new employment due to the travel ban.

Periodically, foreign firms experience difficulty obtaining required work permits and residence visas for expatriate employees due to the Bahraini Government's efforts to promote greater numbers of Bahraini citizens in the workforce. However, this does not appear to be a matter of high-level policy, and often can be resolved on a case-by-case basis. Where problems occur, U.S. businesses are encouraged to apply to the highest levels of the concerned ministries, and to consult the U.S. Embassy.

## **Conversion and Transfer Policies**

[Return to top](#)

Bahrain has no restrictions on the repatriation of profits or capital and no exchange controls. Bahrain's currency, the Bahraini Dinar (BD), is fully and freely convertible at the fixed rate of USD 1.00 = BD 0.377 (1 BD = USD 2.66). There is no black market or parallel exchange rate.

Foreign exchange is readily available and a devaluation of the Bahraini Dinar over the next year is unlikely.

There are no restrictions on converting or transferring funds, whether or not associated with an investment.

## **Expropriation and Compensation**

[Return to top](#)

There have been no expropriations in recent years, and no cases in contention. The U.S.-Bahrain Bilateral Investment Treaty (BIT) protects U.S. investments by banning all expropriations (including "creeping" and "measures tantamount to") except those for a public purpose. In which case, it must be carried out in a non-discriminatory manner, with due process, and prompt, adequate, effective compensation.

## **Dispute Settlement**

[Return to top](#)

Bahrain has a long-established framework of commercial law. English is widely used, and well-known international (including U.S.) law firms, working in association with local partners, provide expert legal services both nationally and regionally. Fees are charged according to internationally accepted practices. Although only a Bahraini lawyer can argue in a Bahraini court of law, lawyers of other nationalities can and do work on cases. In April 2007, the Government allowed the establishment of International Law Firms that provide services such as commercial and financial consultancy in legal matters. In November 2009, the Ministry of Justice launched the Bahrain Chamber for Disputes specialized in financial, commercial, and economic issues.

The U.S.-Bahraini BIT provides for three dispute settlement options:

- Submitting the dispute to a local court;
- Invoking dispute-resolution procedures previously agreed upon by the national or company and the host country government;
- Submitting dispute for binding arbitration to ICSID (International Center for Settlement of Investment Disputes) or any arbitral institution agreed upon by both parties.



The GCC Commercial Arbitration Center, established in 1995, serves as a regional specialized body providing arbitration services. It assists in resolving disputes between GCC countries or between other parties and GCC countries. The Center implements rules and regulations in line with accepted international practice. Thus far, few cases have been brought to arbitration. The Center conducts seminars, symposia, and workshops to help educate and update its members of any new arbitration related matters. The Center's contact details are:

GCC Commercial Arbitration Center  
P.O. Box 2338  
Manama, Kingdom of Bahrain  
Tel: + (973) 17-214-800  
Fax: + (973) 17-214-500  
Email: [arbit395@batelco.com.bh](mailto:arbit395@batelco.com.bh)

The independent Bahrain Chamber for Dispute Resolution (BCDR) was established in May 2010. The BCDR was established in partnership with the America Arbitration Association (AAA), and aims to provide services to a global audience. Their contact details are:

Bahrain Chamber for Dispute Resolution  
Suite 401, Park Plaza  
Bldg 247, Road 1704  
P.O. Box 20006  
Manama, Kingdom of Bahrain  
Tel: + (973) 17-511-311  
Website: [www.bcdr-aaa.org](http://www.bcdr-aaa.org)

Arbitration procedures are largely a contractual matter. Disputes are historically referred to an arbitration body as specified in the contract, or to the local courts. Increasingly, Bahraini companies, in dealings with both local and foreign firms, include arbitration procedures in their contracts. Most commercial disputes are resolved privately without recourse to the courts or formal arbitration. Bahraini law is generally specified in all contracts for the settlement of disputes that reach the stage of formal resolution, but is optional in those designating the BCDR. Bahraini court proceedings can be lengthy and complex, and often take years to resolve disputes. Local legal counsel is strongly recommended. Foreigners involved in a legal dispute should be prepared for a court-imposed travel ban.

The guidelines laid down by the International Chamber of Commerce (ICC) in Paris are generally respected, and disputes have been occasionally referred to arbitration at the ICC in Paris. Bahrain is a signatory to the New York Convention of 1958 on the Recognition and Enforcement of Foreign Arbitration Awards.

## **Performance Requirements and Incentives**

[Return to top](#)

There are no special performance requirements imposed on foreign investors. This is reinforced by the U.S. - Bahraini BIT, which forbids mandated performance requirements as a condition for the establishment, acquisition, expansion, management, conduct or operation of a covered investment. Foreign and Bahraini-owned companies must meet the same requirements and comply with the same environmental, safety, health, and

other labor requirements. Officials at the Ministries of Labor, and Commerce and Industry supervise companies operating in Bahrain, on a non-discriminatory basis.

Industries must be set up in identified industrial areas. An Environmental Impact Statement (EIS) must be filed by all manufacturing facilities. After one complete year of operation, a manufacturing facility is eligible for relief from tariffs imposed by other GCC states on imported goods.

## **Right to Private Ownership and Establishment**

[Return to top](#)

In principle, private entities may freely establish, acquire, and dispose of interests in business enterprises, subject to the limitations noted in this chapter.

The U.S.-Bahrain FTA entered into force in August 2006. The agreement significantly expanded the scope of economic, commercial, and trade relations between the two countries. The FTA does not have a separate investment chapter.

The U.S.-Bahrain Bilateral Investment Treaty (BIT) provides benefits and protection to U.S. investors in Bahrain, such as most-favored-nation treatment and national treatment, the right to make financial transfers freely and without delay, international law standards for expropriation and compensation cases, and access to international arbitration. The BIT guarantees national treatment for U.S. investments across all sectors, with exceptions for ownership of television, radio or other media, fisheries, and privatization of oil dredging or exploration. Bahrain also provides most-favored nation or national treatment status to U.S. investments in air transportation, the buying or ownership of land, and the buying or ownership of shares traded on the Bahrain Bourse (previously known as the Bahrain Stock Exchange).

Because of the national treatment offered American firms in the BIT, American firms interested in selling products exclusively in Bahrain are no longer required to appoint a commercial agent, though they may opt to do so anyway. A commercial agent is any Bahraini party appointed by a foreign party to represent the foreign party's product or service in Bahrain.

Bahrain permits 100 percent foreign-ownership of new industrial entities and the establishment of representative offices or branches of foreign companies without local sponsors. Wholly foreign-owned companies may be set up for regional distribution services and may operate within the domestic market as long as they do not exclusively pursue domestic commercial sales. Private investment (foreign or Bahraini) in petroleum extraction is permitted only under a production-sharing agreement with BAPCO, the state-owned petroleum company.

Since January 2001, foreign firms and GCC nationals may own land in Bahrain. Non-GCC nationals may own high-rise commercial and residential properties, as well as property in tourism, banking, financial and health projects, and training centers, in specific geographic areas.

## **Protection of Property Rights**

[Return to top](#)

The Bahraini legal system adequately protects and facilitates acquisition and disposition of property rights. The concept of a mortgage exists, and there is a recognized and

reliable system of recording such security interests. However, there is currently no mortgage law that guarantees lenders the right to repossess property in case of mortgage non-repayment. In June 2008, the CBB began drafting a new mortgage law that remained in the consultation process at the end of the year.

Under the U.S.-Bahrain FTA, Bahrain committed to enforce world-class Intellectual Property Rights (IPR) protection. Bahrain signed the Berne Convention for the Protection of Literary and Artistic Works and the Paris Convention for the Protection of Industrial Property in 1996. Revised legislation to implement Bahrain's obligations under the TRIPS Agreement was ratified in May 2006. Bahrain joined the WIPO Copyright Treaty and the WIPO Performances and Phonograms Treaty. In May 2006, Bahrain passed laws related to intellectual property to bring Bahrain's local laws into compliance with its current Paris Convention commitment and to position it to join the Nice Agreement, Vienna Agreement, Patent Cooperation Treaty, Trademark Law Treaty, Madrid Agreement, Budapest Treaty, and the Rome Convention.

The Government has made dramatic progress in reducing copyright piracy, and there are no reports of significant violations of U.S. patents and trademarks in Bahrain. The Government's copyright enforcement campaign began late 1997 and was based on inspections, closures, and improved public awareness. The campaign targeted the video, audio, and software industries with impressive results. Commercially-pirated video and audio markets have been virtually eliminated. However, audio, video and software piracy by end-users remain a problem.

There are no technology transfer requirements that force firms to share or divulge technology through compulsory licensing to a domestic partner, nor are firms forced to commit to undertake research and development activities in Bahrain.

## **Transparency of Regulatory System**

[Return to top](#)

In October 2002, Bahrain implemented a new government procurement law that establishes the basic framework for a transparent, rules-based government procurement system. It provides that certain procurements may be conducted as international public tenders open to foreign suppliers. To implement this law, a tender board chaired by a Minister of State was established in January 2003 to oversee all government tenders and purchases. In the past, government-tendering procedures for large projects were not highly transparent. U.S. companies sometimes reported operating at a disadvantage compared with other international firms. Contracts were not always decided solely based on price and technical merit, and selected, pre-qualified firms were occasionally invited to bid on major government tenders.

Since January 2003, however, the [Tender Board](#) has processed all tender decisions valued at USD 26,667 (BD 10,000) or higher. Individual ministries and departments may still process projects valued at less than USD 26,667 (BD 10,000). U.S. firms report that the process is greatly improved over the previous system, though some challenges remain. A local representative with strong connections may still be important in the bidding process.

In the case of manufacturing enterprises, bureaucratic procedures and red tape created stumbling blocks mainly due to the lack of coordination between government ministries, which must sign off at one stage or another of the licensing procedure.

In an attempt to streamline licensing and approval procedures, the Ministry of Industry and Commerce opened the Bahrain Investors Center (BIC) in October 2004 for both local and foreign companies seeking to register in Bahrain. Moreover the government decreased the fees of registrations in most of the commercial activities to promote growth in this sector.

This high-tech, customer-friendly and easy to find facility, located in one of Bahrain's largest malls is part of a larger effort by the GOB to attract firms to use Bahrain as their "Gateway to the Gulf" by setting up regional operations here. The BIC is designed as a "one-stop shop" providing all commercial licensing and registration services. It houses representatives from more than a dozen relevant ministries and private sector representatives from the telecommunication, legal, banking, and consulting industries under one roof.

Officials from the Ministry of Commerce note that the BIC can process and issue 80% of commercial registration applications within 24 hours, and 10% of commercial registrations within five working days. The remaining 10%, mostly those having to do with health, environment, and power and or other essential services, are processed separately according to sector specific regulations and licenses are issued on a case-by-case basis.

#### **Legislation Process:**

Draft legislation may be proposed by the Cabinet and by both the lower house (Council of Representatives) and upper house (Shura or Consultative Council) of the National Assembly. Once a draft law has been produced and submitted to the lower and upper houses of the National Assembly for approval, it is then passed to the Cabinet for the King's signature. After the King signs the law, the law is published in the Public Gazette and is promulgated.

Entrenched local business interests with government influence can cause problems for potential competitors. Interpretation and application of the law sometimes varies by ministry, and may be dependent on the stature and connections of an investor's local partner. Departures such as these from the consistent, transparent application of regulations and the law remain rare, and investors are usually well pleased with government cooperation and support.

### **Efficient Capital Markets and Portfolio Investment**

[Return to top](#)

Consistent with the Government of Bahrain's liberal approach to foreign investment, government policies facilitate the free flow of financial resources. Foreigners and Bahrainis alike have ready access to credit on market terms. Generally, credit terms are variable, but often are limited to 10 years for loans under USD 50 million. For major infrastructure investments, banks will often offer to assume a part of the risk, and Bahrain's wholesale and retail banks have shown extensive cooperation in syndicating loans for larger risks.

There is an effective regulatory system that encourages portfolio investment, and the Central Bank has fully implemented Basel II standards. Bahrain has over 400 financial institutions with total assets exceeding USD 209 billion at the end of 2011. The global

financial crisis, coupled with the political unrest of 2011, negatively impacted the growth in this sector.

## **Competition from State Owned Enterprises**

[Return to top](#)

Established in June 2006, the Bahrain Mumtalakat Holding Company manages all of the Government's state non-oil & gas enterprises. Mumtalakat holds minority and majority stakes in more than 35 commercial enterprises, representing a portfolio value of approximately USD 9.1 billion. Mumtalakat's portfolio of companies spans a variety of sectors, including aluminum production, financial services, telecommunications, real estate, tourism, transportation, and food production. These include:

- Aluminum Bahrain (ALBA)
- Arab Satellite Communications Organization (ARABSAT)
- Arab Shipbuilding & Repair Yard (ASRY)
- Bahrain Airport Company
- Bahrain Food Holding Co.
- Bahrain International Circuit
- Bahrain Real Estate Company (Edamah)
- Bahrain Telecommunications Company (BATELCO)
- Gulf Air Company
- Hawar Island Development Company
- McLaren Group
- National Bank of Bahrain (NBB)
- Tourism Projects Company

## **Political Violence**

[Return to top](#)

Historically, Bahrain has been an open, politically moderate, economically liberal Gulf state that enjoys close ties to the United States. In recent years, Bahrain has seen periodic outbursts of political unrest arising from demands for political and social reform and on issues such as housing, employment, and sectarian discrimination.

In February and March of 2011, Bahrain witnessed unprecedented political and civil unrest that resulted in at least 35 deaths. All 18 opposition members of parliament resigned to protest the use of force against civilians. In March 2011, the Government imposed emergency law ("State of National Safety"), during which Bahraini security forces conducted operations and during which military forces from Saudi Arabia and the United Arab Emirates were deployed to Bahrain. The Government lifted the State of National Safety on June 1, 2011. Parliamentary by-elections were peacefully conducted in September 2011 to replace the vacated parliamentary seats. In July, the Government of Bahrain launched a National Dialogue process that resulted in several recommended reforms, though opposition groups generally rejected the process. In November 2011, the royally-appointed Bahrain Independent Commission of Inquiry (BICI) released a detailed report on its findings and recommended reforms, particularly in the security services. As of March 2012, the Government of Bahrain has implemented some of the recommendations made by the BICI and National Dialogue, but political and civil unrest continues in some areas.

Ongoing demonstrations have occasionally degenerated into violent clashes between police and protestors, but such violence is normally confined to specific neighborhoods,

and demonstrators have not targeted Americans or Western expatriates. The unrest has had a limited impact on American businesses in Bahrain. In early 2011, some foreign companies temporarily evacuated their employees and dependents to neighboring countries. Many of those employees and dependents did return to Bahrain by the end of the year.

For the latest travel advisories and demonstration notices, please visit the U.S. Embassy Bahrain's website at <http://bahrain.usembassy.gov/> or the Department of State's Bahrain Country Specific Information page at [http://travel.state.gov/travel/cis\\_pa\\_tw/cis/cis\\_1001.html](http://travel.state.gov/travel/cis_pa_tw/cis/cis_1001.html)

## Corruption

[Return to top](#)

According to U.S. firms, high-level corruption is sometimes an obstacle to foreign direct investment and contracting, particularly in the contract-bidding process and in operating notably successful investments. In the case of some high-value contracts, government-tendering procedures have not always been transparent and contracts have not always been decided on the basis of price and technical merit. Petty corruption is relatively rare in Bahrain. The bureaucracy is sometimes inefficient but it is generally honest. Giving or accepting a bribe is illegal, although the relevant laws are rarely enforced. Officials have been dismissed for blatant corruption. The King and Crown Prince have come out publicly in favor of reducing corruption and some Ministries have initiated clean-up efforts to reduce the problem. The expatriate business community is cautiously optimistic that there is growing transparency in the government procurement process. A new law to thoroughly revamp government procurement procedures went into effect in January 2003. Bahrain signed and ratified the UN Anticorruption Convention in February 2005 and October 2010, respectively. Bahrain is not a signatory to the OECD Convention on Combating Bribery.

In September of 2007 the Crown Prince publicly launched an official campaign against corruption. As a result, several executives in state-owned companies were removed from their positions. In April 2008, Bahraini government officials and executives of Aluminum Bahrain (Alba) were accused of accepting bribes from the American firm Alcoa. In 2008, Alba sued Alcoa, alleging that Alcoa conspired to overcharge Alba by hundreds of millions of dollars. The lawsuit was closed in 2011 after the U.S. Justice Department and U.K.'s Serious Fraud Office announced they were investigating the matter. Alba's former CEO and a London-based middleman have been charged in the U.K. case. In December 2011, Alba filed an amended racketeering lawsuit against Alcoa. As of January 2012, the cases were pending. Alba filed similar lawsuits against Japanese company Sojitz Group, accusing it of paying bribes to gain discounts on aluminum prices.

As a result of the 2011 National Dialogue process, the Ministry of Interior established the Anti-Corruption Directorate, launched a corruption telephone hotline (#992) and e-mail address ([hotline.acu@moipolice.bh](mailto:hotline.acu@moipolice.bh)), and signed a Memorandum of Understanding with the United Nations Development Program to enhance the new directorate's capabilities.

## Bilateral Investment Agreements

[Return to top](#)

Bahrain and the U.S. signed a bilateral investment treaty (BIT) in September 1999, the first BIT between the United States and a GCC state. The agreement entered into force in May 2001. The U.S.-Bahrain FTA does not include a separate investment chapter.

As of October 2011, Bahrain had bilateral investment protection agreements in place with Algeria, China, Egypt, Italy, Jordan, Malaysia, Morocco, Philippines, Russia, Syria, and the United Kingdom.

Bahrain has economic and commercial cooperation agreements with Australia, Bangladesh, Belgium, China, Egypt, France, Greece, India, Iraq, Ireland, Italy, Jordan, Morocco, the Netherlands, Russia, Ukraine, Singapore, South Korea, Syria, Tunisia, Turkey, and the United Kingdom.

Bahrain has air transportation tax agreements with Belgium, China, France, Luxembourg, Italy, Greece, Russia, Singapore, Syria, Thailand, Turkey, Ukraine, United Kingdom, the United States, and Yemen.

Bahrain has concluded double taxation agreements with Algeria, Belgium, Czech Republic, Egypt, Germany, France, Italy, India, Jordan, Luxembourg, Malaysia, Morocco, Philippines, Russia, Slovakia, Spain, Thailand, Tunisia, Turkey, and the United Kingdom

## **OPIC and Other Investment Insurance Programs**

[Return to top](#)

On April 25, 1987, Bahrain and the U.S. Government signed an agreement regarding activity in Bahrain by the Overseas Private Investment Corporation (OPIC). The agreement opened the way for extension of such OPIC facilities as investment insurance, reinsurance, and investment guarantees to U.S. private investors interested in doing business in Bahrain.

## **Labor**

[Return to top](#)

The Bahrain labor force is estimated at 654,900 of which 44% are expatriates. The GOB publicly states that unemployment, which official statistics put at 4.8 percent of Bahrainis in Bahrain's workforce, is the country's foremost domestic political problem. The United Nations Development Program (UNDP) estimates real unemployment among Bahrainis to be 15 to 20 percent and as high as 30 percent in some Shi'ite villages.

One of the Government's primary initiatives for combating unemployment is "Bahrainization," or the replacement of expatriate workers by national citizens. The government has launched several programs to train Bahrainis to fill jobs traditionally held by foreign workers. In 2004, the Crown Prince launched a national debate to create a new labor vision for the Kingdom. This led to Bahrain Economic Vision 2030, a long-term plan to raise Bahraini standards of living as well as reform the Government, Education, Health sectors, increase privatization and increase training and education of the Bahraini work force, establishing Bahrain as a regional center for human capital.

In August of 2006 the King ratified the Labor Reforms Law, establishing two entities: the Labor Market Regulatory Authority (LMRA), and the capacity-building organization now known as Tamkeen. The law imposed a monthly fee of BD10 (USD 26.60) on each expatriate employed by a company. The revenues collected under this program are

earmarked to provide job training for Bahrainis. (The LMRA fee on expat workers has been suspended until April 1, 2012, as a means of jump starting the economy following the political and civil unrest of 2011.) In July 2009, the LMRA modified the sponsorship system, allowing greater mobility of foreign workers between employers.

In January 2006, the King initiated that National Unemployment Project to combat unemployment by providing training and a guaranteed job from the Ministry of Labor's Job Bank. The Labor Minister also introduced an unemployment allowance, to be paid from a general labor fund. The fund is financed by deducting one percent from the wages of all workers. The unemployment allowance program began in August of 2007, and is the first such program in the GCC.

In September 2002 the King approved the Workers Trade Union Law of 2002 that recognizes the right of workers to collectively organize, form trade unions, and provides limited rights to strike. The law prohibits workers from striking in certain vital sectors including security, aviation, ports, hospitals and utilities. With the exception of domestic servants, foreign workers are allowed to join trade unions. The law prohibits employers from dismissing an employee for trade union activities.

In March 2010, the Government signed a three-year memorandum of understanding with the ILO to execute the Decent Work Program.

In September 2010, the U.S. Department of Labor (DOL) and the Bahrain Ministry of Labor (MOL) convened the first meeting of the U.S.-Bahrain Sub-Committee on Labor Affairs, as established in the U.S.-Bahrain FTA, and reaffirmed their obligations under the FTA related to internationally recognized labor rights, including their obligations as members of the International Labor Organization (ILO) and commitments stated in the ILO Declaration on Fundamental Principles and Rights at Work (1998).

During the political and civil unrest of 2011, thousands of Bahraini employees were dismissed from their private and public sector jobs. In June 2011, the AFL-CIO filed a petition with the Department of Labor, accusing Bahrain of violating the labor rights terms of the U.S.-Bahrain FTA. A November 2011 independent report by the Bahrain Independent Commission of Inquiry (BICI) concluded that the majority of dismissals were motivated by retaliation against employees suspected of being involved in demonstrations. As of January 2012, public and private entities have begun reinstating wrongly-dismissed workers, in line with the BICI recommendations. A DOL report on the alleged labor violations will be released in 2012.

## **Foreign-Trade Zones/Free Ports**

[Return to top](#)

Khalifa bin Salman Port, Bahrain's major sea port, provides a free transit zone to facilitate the duty-free import of equipment and machinery. The North Sitra Industrial Estate is an industrial free zone and another one is planned for Hidd. Foreign-owned firms have the same investment opportunities in these zones as Bahraini companies.

A 1999 law requires that investors in industrial, or industry-related, zones launch a project within one year from the date of receiving the land, and development will have to conform to the specifications, terms and drawings submitted with the application. Changes are not permitted without approval from the Ministry of Industry and Commerce.



In January 2011, the Ministry of Commerce & Industry announced that Sheikh Salman Industrial Area in Hidd was fully occupied and revealed plans for a new, larger industrial zone to be built in Northern Bahrain.

## Foreign Direct Investment Statistics

[Return to top](#)

Foreign investments in Bahrain range from partial foreign ownership of large parastatals in the oil and telecommunications sectors to small restaurant franchises. Although the Government does not maintain detailed statistics on foreign direct investment flows, the 2010 U.N. World Investment Report indicates a 2009 FDI stock of USD 13.8 billion, or 71% of GDP, for inward investment, and USD 7.8 billion, or 41.6% of GDP, for outward investment. These stocks include a 2009 outward flow of USD 3.9 million, and an inward flow of USD 1.1 billion. These flows represent 94.6% and 39.1% of gross capital formation respectively.

By value, the largest foreign holdings and projects in Bahrain include:

--In 2010, Occidental Petroleum and BAPCO formed Tatweer Petroleum, a joint venture to revitalize Bahrain's only active oil field through enhanced-recovery technologies. Tatweer is drilling 3,600 new oil wells over the next 20 years

-Aluminum Bahrain (ALBA) and the Gulf Petrochemical Industries Complex (GPIC), each of which are owned as joint investments by several Gulf States.

-Bahrain National Gas Company (BANAGAS) is owned by Bahrain, a Saudi investment firm, and Caltex Bahrain.

-Durrat Al Bahrain, a major real estate project valued at USD 3.4 billion, being developed by Bahrain Kuwait Finance House.

-Amwaj Islands, a tourism project is jointly owned by Bahraini, Kuwaiti and Saudi corporate and individual investors.

-A USD 600 million tourism project of Al Areen Desert Spa and Resort is owned by the Government of Bahrain, various private investors and Gulf Finance House.

-The development of the USD 1.3 billion Bahrain Financial Harbor project, owned by Gulf Finance House, personal and corporate G.C.C. investors.

-A USD 398 million (BD 150) mall and USD 26.4 new Bahrain City Center cinema complex was opened in 2008 by Dubai, U.A.E.-based Al Futtaim Investments.

-Construction on a Saudi investment of a USD 199 million (BD 75 million) tourism resort called Marina West.

According to U.S. Embassy records, approximately 180 U.S. companies were operating, in one form or another, in Bahrain as of January 2012. Many of the U.S. firms are in the services sector and thus do not have a large capital investment in Bahrain despite a significant local presence. Among the larger U.S. investments are the following:

-Citibank's new regional headquarters building, opened in 2001, valued at nearly USD 30 million.

-Great Lakes Dredge & Dock Co. has significant land-reclamation projects in Bahrain. In 2011, the company signed a USD 57 million deal to complete the East Hidd Project for the Ministry of Housing.

-Shaw-Nass, a manufacturing plant owned by Shaw Industries, a U.S. pipeline manufacturer, in partnership with a Bahraini firm, A.A. Nass.

-National Hotels Company, owners of the Diplomat Radisson SAS Hotel and Executive Apartments has injected USD 18 million for the expansion project.

-U.S. operational headquartered Foster Wheel Energy Limited, a subsidiary of Foster Wheeler Limited, were awarded a front-end engineering design (FEED) contract to revamp Bahrain National Gas Company's (BANAGAS) liquefied petroleum gas (LPG) facilities.

-Joint venture between Bahrain-based Ithmaar Bank, U.S.-based Overland Capital Group, Bahrain-based Gulf Finance House BSC, and Kuwait-based Gulf Investment House with an authorized capital of USD 50 million and paid-up capital of USD 10 million establish First Leasing Bank.

-Kraft Foods opened a USD 40 million production plant in 2008.

American firms are also heavily involved in large-scale consulting and construction projects in Bahrain, including:

-Cisco Systems have signed an agreement with Bahrain's Central Informatics Organization (CIO) establishing a regional Cisco networking academy.

-Binnie, Black and Veatch International Limited are the consultants of Phase 3 of the Hidd (Power) and Desalination Complex. The project was estimated to cost USD 400 million.

-Kuljian Corporation, are consultants for Ras Abu Jarjur desalination plant expansion that is estimated to cost USD 26.5 million.

## **Web Resources**

[Return to top](#)

Economic Development Board  
<http://www.bahrain.com>

Tamkeen  
<http://www.tamkeen.bh/en/>

Bahrain Mumtalakat Holding Company  
<http://www.bmhc.bh/>

Bahrain Center for Dispute Resolution  
<http://www.bcdr-aaa.org>

[Return to table of contents](#)

[Return to table of contents](#)

## Chapter 7: Trade and Project Financing

- [How Do I Get Paid \(Methods of Payment\)](#)
- [How Does the Banking System Operate](#)
- [Foreign-Exchange Controls](#)
- [U.S. Banks and Local Correspondent Banks](#)
- [Project Financing](#)
- [Web Resources](#)

### How Do I Get Paid (Methods of Payment)

[Return to top](#)

Letter of Credit (L/C) is the preferred method of payment for exports. The L/C should conform to international guidelines established by the International Chamber of Commerce (ICC), as published in the Uniform Customs and Practice for Documentary Credits (UCP). Letters of Credit offer certain advantages to the seller who depends on the creditworthiness of the opening (issuing) bank rather than that of the buyer. For the buyer, an L/C ensures that all of the seller's documents are correct before payment is made.

Other possible methods of international commercial payments include cash, open credit, and documentary credit sales.

According to a post-conducted telephone/fax/emails survey of local companies that regularly import a wide range of products from the U.S., the most commonly used method of payment is open accounts, followed by commercial letters of credit.

The breakdown of payment methods is estimated to be as follows:

4.5 percent cash in advance  
32 percent commercial letter of credit  
55.5 percent open account  
5 percent documentary collections  
0 percent consignment sales  
10 percent bankers acceptances  
0 percent barter transactions  
0 percent trade factoring  
10 percent other methods

### How Does the Banking System Operate

[Return to top](#)

Bahrain is a principal financial services hub in the Middle East. Legal, regulatory, and accounting systems in the financial sector (onshore and offshore) are transparent and consistent with international norms. International financial institutions operate in Bahrain, both internationally and domestically, without impediments.

The Central Bank of Bahrain (CBB) regulates the banking sector under the provisions of the BMA law (Decree Law No. 23 of 1973). In May 2002, the Government of Bahrain announced that regulatory responsibility for the insurance sector and stock exchange would move to the CBB, formerly known as the Bahrain Monetary Authority (BMA.) This move was completed in late 2002.

The global financial crisis and regional unrest in 2011 has limited the numbers of financial institutions registered by the CBB. The CBB's new policies and regulations are in line with Basel II. They created guidelines, workshops, and seminars to ensure that risk management and diversifying of investment portfolios are essential methods to overcome future financial turbulence.

The Central Bank of Bahrain (CBB) has advised Islamic financial institutions to merge to enhance their customer base, allows them to expand regionally in the GCC region, create a stronger entities that can survive in when the market is volatile. In September 2011, Al Salam Investment & Commercial Bank merged successfully with Bahrain Saudi. As of January 2012, Kuwait Finance House is in process of merging three Islamic financial institutions to create a more powerful Investment Bank.

Major U.S. banks and financial services firms in Bahrain include Citibank, JP Morgan Chase, American Express, and Merrill Lynch. Bahrain recently announced that it hopes to attract more investment funds and 'special purpose companies' by re-assessing the fees.

In March 2004, in an effort to stimulate the insurance industry and reinforce Bahrain's position as a major insurance center in the Middle East, the BMA lifted the requirement that foreign insurance brokers and loss adjusters must have a local partner in order to operate. These firms, which were previously required to have at least 51 percent Bahraini-ownership, are now permitted to operate with 100 percent foreign-ownership. The CBB is holding consultations on further reform in areas such as captive insurance, solvency, business conduct, risk management and financial crime, enforcement, CBB reporting and public disclosure, intermediaries, and Islamic insurance.

In 2006, as part of an effort to maintain their position as a leading financial center of the Middle East, the Government of Bahrain implemented new regulations and licensing requirements to allow Offshore Banks (wholesale) to operate and invest locally. In the same year the Government of Bahrain transformed the BMA to a Central Bank.

## **Foreign-Exchange Controls**

[Return to top](#)

The Bahraini Dinar (BD) is fully convertible and is pegged to the U.S. dollar (1 BD = \$2.66 USD). There are no foreign exchange controls or restriction on the repatriation of capital from Bahrain.

## **U.S. Banks and Local Correspondent Banks**

[Return to top](#)

U.S. banks operating in Bahrain include:

### **American Express**

AMEX Middle East Headquarters  
Al Moayyed Tower, Floor 14, 15, 16 and 17  
Gate 2504 Road 2832  
Al Seef District 428  
P.O.Box 5990  
Manama, Kingdom of Bahrain.  
Tel: (+973) 17 557777, (+973) 17 557 755

### **Citibank**

P.O. Box 548  
Manama, Kingdom of Bahrain  
Tel: +(973) 17-588588  
Fax: +(973) 17-588595  
Citibank operates as a full commercial bank, Offshore Banking Unit, representative office, and as an Islamic-banking subsidiary.

### **J.P. Morgan Chase**

P.O. Box 368  
Manama, Kingdom of Bahrain  
Tel: +(973) 17-535388  
Fax: +(973) 17-535135  
Chase operates as an offshore bank.

### **Merrill Lynch International Bank**

Global Wealth Management  
Bahrain Middle East Bank Building  
P.O. Box 10399  
Manama, Kingdom of Bahrain  
Tel: +(973) 17-530260  
Fax: +(973) 17-530245  
Merrill Lynch operates as an investment bank.

## **Project Financing**

[Return to top](#)

For major infrastructure investments, Bahrain's onshore and offshore banks have extensive experience with syndicated loans for larger risks. The Bahrain Development Bank (BDB) promotes industrial development in Bahrain. It also lends funds in some cases to local projects it considers appropriate, but funding is not limited to projects of Bahraini-owned companies. It is allocated on market terms and is available to foreign investors. Generally, credit terms are variable, but usually are limited to 10 years with a maximum grace period of 2 years.

## **Web Resources**

[Return to top](#)

Central Bank of Bahrain  
<http://www.cbb.gov.bh/home.php>

Bahrain Development Bank  
<http://www.bdb-bh.com/>

Bahrain Bourse (Stock Market)  
<http://www.bahrainbourse.net>

Ministry of Finance (MOF)  
<http://www.mofne.gov.bh/>

Export-Import Bank of the United States  
<http://www.exim.gov>

Country Limitation Schedule  
[http://www.exim.gov/tools/country/country\\_limits.html](http://www.exim.gov/tools/country/country_limits.html)

OPIC  
<http://www.opic.gov>

Trade and Development Agency  
<http://www.tda.gov/>

SBA's Office of International Trade  
<http://www.sba.gov/oit/>

USDA Commodity Credit Corporation  
<http://www.fsa.usda.gov/ccs/default.htm>

Bahrain Development Bank (BDB)  
<http://www.bdb-bh.com/background.htm>

[Return to table of contents](#)

[Return to table of contents](#)

## Chapter 8: Business Travel

- [Business Customs](#)
- [Travel Advisory](#)
- [Visa Requirements](#)
- [Telecommunications](#)
- [Transportation](#)
- [Language](#)
- [Health](#)
- [Local Time, Business Hours and Holidays](#)
- [Temporary Entry of Materials and Personal Belongings](#)
- [Web Resources](#)

### **Business Customs**

[Return to top](#)

Most government offices operate Sunday through Thursday, and many companies are also open half-days on Saturdays. Most commercial banks are open Sunday through Thursday. Employees of offshore (Wholesale Banks) financial institutions often follow a more Western workweek.

Personal contact, frequently renewed, is key to doing business successfully in Bahrain. Visiting business professionals should be prepared to spend a portion of any business call socializing and getting to know their counterparts. Most visitors to Bahrain should build flexibility into their schedules, as some appointments may not be scheduled until the businessperson arrives in-country; appointments may be double-booked or on short notice. However, a visitor should be on time, particularly for government appointments. Once the meeting begins, it may be interrupted by telephone calls or office visits. Coffee, tea, or soft drinks will probably be offered (except during the Muslim holy month of Ramadan), and should be accepted. Politeness is highly valued; blunt statements should be recast into constructive, balanced terms. Devout Muslims pray five times every day; visitors should be sensitive to hosts who break off a discussion for prayer at noon, which falls during business hours. In dealing with one of the many Bahraini executives educated in the U.K. or the United States, there is little other than the “thobe” national dress worn by the Bahraini that a visiting businessperson might find different from home. English is very widely spoken, particularly in the capital area.

### **Travel Advisory**

[Return to top](#)

The crime rate in Bahrain is low and violent crime is rare. However, burglary, petty theft, and robberies do occur. Visiting U.S. citizens are urged to take the same security precautions in Bahrain that one would practice in the United States. There are occasionally civil disturbances in various parts of the country. The U.S. Embassy advises American citizens to avoid any disturbances or large gatherings in the streets, and to avoid travel into villages, if it is not necessary. Americans in Bahrain, as elsewhere, should maintain a high level of security awareness while following their daily business or social routines in light of the global threat of terrorism.



For the latest travel advisories, please visit the U.S. Embassy Bahrain's website at <http://bahrain.usembassy.gov/> or the Department of State's Bahrain Country Specific Information page at [http://travel.state.gov/travel/cis\\_pa\\_tw/cis/cis\\_1001.html](http://travel.state.gov/travel/cis_pa_tw/cis/cis_1001.html)

## Visa Requirements

[Return to top](#)

Entry visas for American citizens may be obtained upon arrival at Bahrain International Airport. U.S. passport holders can obtain a two-week visa at the airport for 5 BD (USD \$15) payable in a variety of currencies including U.S. Dollars, Bahraini Dinars, Euros and British Pounds. Entry visas can also be obtained from the Bahraini Embassy in Washington, D.C., where a 5-year visa costs \$228. (In February 2012, the Bahraini Government announced plans to revamp the visa system, including a possible end to the visa-upon-arrival scheme. As of March 2012, no official changes have been made. Bahraini immigration authorities recommend that visiting American citizens apply for an e-visa at <http://www.evisa.gov.bh/>. An e-visa costs approximately USD \$19.)

An Israeli entry stamp in a passport is not a bar to obtaining a Bahraini visa or to entering Bahrain, but not all airline personnel are aware that this former prohibition no longer applies.

Non-Bahrainis wishing to live and legally work in Bahrain will need to apply for a work visa and residency permit from the Labor Market Regulatory Authority and the General Department for Nationality & Passport Residence. For details visit <http://www.bahrain.com/work-permits.aspx>

U.S. Companies that require travel of foreign businesspersons to the United States should allow sufficient time for visa issuance if required. Visa applicants should go to the following links.

U.S. Department of State visa information source  
[http://travel.state.gov/visa/visa\\_1750.html](http://travel.state.gov/visa/visa_1750.html)

Consular Section, U.S. Embassy Bahrain  
<http://bahrain.usembassy.gov/visas.html>

## Telecommunications

[Return to top](#)

The majority state-owned Batelco operates a modern and efficient telephone system. Virtually all businesses have fax machines. Mobile (GSM) phones are widely used; roaming arrangements already cover the GCC, U.S., and European Union countries. Batelco, Viva and Zain operate mobile phone networks and provide Internet. Menatelecom (in association with Motorola) provides wireless broadband Internet (WiMax) and wireless telephony.

## Transportation

[Return to top](#)

Bahrain has a well-developed road network with well-lit, multi-lane highways. Construction continues on a \$530.9 million master plan to improve the road transportation network with new highways, bridges and overpasses. Most major roads

are three to six lanes wide and are well maintained. In older parts the country, many streets are unpaved or in poor condition. Bahrain and Saudi Arabia are connected by the 25 km (16 mile) King Fahad Causeway, which opened in November 1986. The long-delayed, 40 km (25 mile) road and rail causeway that would connect Bahrain and Qatar remains in the planning stages.

Driving in Bahrain requires extreme caution. Accidents are common. Drivers often flout traffic regulations and police rarely enforce rules of the road. Speed cameras and radar are installed at some intersections. Driving on weekend nights can be hazardous. Bahrain has a zero-tolerance policy on drunk driving. Traffic congestion is common in Manama, exasperated by ongoing construction projects and weekend traffic from neighboring countries.

Rental cars are readily available at Bahrain International Airport and other locations, including companies such as Budget and Avis. Taxis are plentiful but expensive; meters are mandatory. Bahrain has a limited bus transportation network. Passenger boats connect Bahrain with Hawar and Al Dar islands.

Bahrain's only public airport, Bahrain International Airport (airport code: BAH), is a regional hub for several airlines including the country's two national carriers, Gulf Air and Bahrain Air. United Airlines offers a daily, direct flight between Bahrain and Washington, D.C., via Kuwait. Several international airlines including Lufthansa, British Airways, KLM and Turkish Airlines service Bahrain and the United States, via connections in Europe. Bahrain is a regional hub with frequent, direct flights to neighboring GCC countries and East Asia.

## Language

[Return to top](#)

The official language of Bahrain is Arabic, but English is widely spoken as the standard language of business and higher education. Hindi, Farsi, Urdu, and various languages of south Asia are common.

## Health

[Return to top](#)

Sanitary standards for food and water are generally quite good, particularly at major hotels, but the use of bottled water is recommended. The Government inspects restaurants to maintain hygienic standards

Bahrain has a modern health system. All Bahrainis receive free state health care. Most companies offer their expatriate workers health coverage, either through insurance companies, in which case rates are negotiable, or through arrangements with one or more of the local private hospitals. There is an \$8 fee for expatriates attending an emergency clinic in a government hospital. The Department of State strongly urges U.S. citizens to consult with their medical insurance company prior to traveling abroad to confirm whether their policy applies overseas and whether it will cover emergency expenses such as medical evacuation.

Hospitals, clinics, and pharmacies -- including several 24-hour pharmacies -- are widely available and of high quality. Certain pharmaceutical products may be unavailable, or sold under a European name.

Other Health Information: Information on vaccinations and other health precautions, such as safe food and water precautions and insect bite protection, may be obtained from the Centers of Disease Control and Prevention's hotline for international travelers at 1-877-FYI-TRIP (1-877-394-8747; fax 1-888-CDC-FAXX (1-888-232-3299), or via the CDC's internet site at <http://www.cdc.gov/travel>. For information about outbreaks of infectious diseases abroad consult the World Health Organization's (WHO) website at <http://www.who.int/en>. Further health information for travelers is available at <http://www.who.int/ith>.

## Local Time, Business Hours, and Holidays

[Return to top](#)

**Local time:** Bahrain is three hours ahead of Greenwich Meantime and seven hours ahead of Eastern Standard Time. As Bahrain does not observe daylight savings time, during winter months it is eight hours ahead of Eastern Standard Time.

**Business hours:** Weekdays are Sunday through Thursday. Government offices are open from 7:30 a.m. to 2 p.m. Most businesses operate from 8 a.m. to 5 p.m. Sunday-Thursday, though smaller businesses close for lunch from noon to 2 p.m. Larger companies operate seven days a week, but may have reduced hours on weekends. Bahrain's numerous shopping malls are open very late, often past midnight on weekends.

**Ramadan:** Ramadan (July 20 – Aug. 18, 2012\*) is the holiest month on the Islamic Calendar. The month is spent by Muslims fasting from sunrise to sunset. During Ramadan, it is illegal in Bahrain for anyone – including non-Muslims – to smoke, eat or drink in public during daylight hours. Most restaurants and cafes are closed during daylight hours, but major hotels will normally keep one restaurant discretely open for non-Muslim guests. During Ramadan, government offices and most businesses have shortened hours, though many shopping malls and restaurants reopen at dusk and operate well past midnight.

### Public Holidays for 2012:

February 5	Prophet's Birthday*
August 19-21	Eid al Fitr*
October 28-30	Eid al Adha*
November 15	Hijra New Year*
November 25-26	Ashura*
December 16	Bahrain National Day
December 17	Accession Day

\* Local religious holidays are governed by the lunar calendar and are subject to change. The Government of Bahrain announces exact dates a few days before the actual holiday.

Business travelers to Bahrain seeking appointments with U.S. Embassy Bahrain officials are encouraged to schedule an appointment with the Commercial Section prior to departure from the U.S. The [Commercial Section](#) may be reached by telephone at

+ (973) 17-242746, fax at + (973) 17-256717, or e-mail at [ManamaCommerce@state.gov](mailto:ManamaCommerce@state.gov). Please note that the U.S. Embassy is closed during both American and Bahraini public holidays.

## Temporary Entry of Materials and Personal Belongings

[Return to top](#)

The Bahrain International Airport has no restrictions or temporary entry of personal electrical equipment such as laptops, software, or exhibit materials.

Civil Aviation Authority and Bahrain International Airport  
[http://www.bahrainairport.com/index\\_web.htm](http://www.bahrainairport.com/index_web.htm)

## Web Resources

[Return to top](#)

Bahrain International Airport  
<http://bahrainairport.com/bia/index.htm>

Ministry of Transportation  
<http://www.transportation.gov.bh/>

Centers of Disease Control and Prevention  
<http://www.cdc.gov/travel>.

World Health Organization's (WHO) Infectious Disease Outbreaks  
<http://www.who.int/en>

World Health Organization's (WHO) Traveler Health Information  
<http://www.who.int/ith>

Bahrain Ministry of Health (MOH)  
<http://www.moh.gov.bh/>

Embassy of the Kingdom of Bahrain in Washington, D.C.  
<http://www.bahrainembassy.org/>

U.S. Embassy Manama, Bahrain  
<http://bahrain.usembassy.gov/>

Department of State – Bahrain travel information  
[http://travel.state.gov/travel/cis\\_pa\\_tw/cis/cis\\_1001.html](http://travel.state.gov/travel/cis_pa_tw/cis/cis_1001.html)

[Return to table of contents](#)

[Return to table of contents](#)

## Chapter 9: Contacts, Market Research and Trade Events

- [Contacts](#)
- [Market Research](#)
- [Trade Events](#)

### Contacts

[Return to top](#)

Embassy of the Kingdom of Bahrain  
Her Excellency Houda Ezra Ebrahim Nonoo, Ambassador  
3502 International Drive NW  
Washington, DC 20008  
Phone: 202 342 1111,  
Fax: 202 362 2192  
E-mail: [ambsecretary@bahrainembassy.org](mailto:ambsecretary@bahrainembassy.org)  
Website: <http://www.bahrainembassy.org/>

Economic Development Board (EDB)  
His Royal Highness Prince Salman Bin Hamad Al Khalifa, Chairman  
7th, 8th, 12th, 13th and 16th floor  
Seef Tower  
P.O. Box 11299  
Manama, Kingdom of Bahrain  
Tel: (+973) 17 58 99 99  
Fax: (+973) 17 58 99 00

Bahrain Chamber of Commerce & Industry (BCCI)  
Dr. Esam Abdulla Yousif Fakhro, Chairman  
P.O. Box 248  
Manama, Kingdom of Bahrain  
Tel: (+973) 1725 9555  
Website: <http://www.bcci.bh/en/Default.aspx>

Ministry of Industry & Commerce (MOIC)  
His Excellency Dr. Hassan Fakhro, Minister  
PO Box 5479  
Diplomatic Area, Manama Kingdom of Bahrain  
Tel: (+973) 1756 8000 (Industry Affairs)  
Tel: (+973) 1757 4777 (Commerce Affairs)  
E-mail: [info@moic.gov.bh](mailto:info@moic.gov.bh)  
Website: <http://www.moic.gov.bh/MoIC/En/Main/>

National Oil & Gas Authority (NOGA)  
His Excellency Dr. Abdul Hussain bin Ali Mirza, Minister of Energy and NOGA Chairman  
P.O. Box 1435  
Manama, Kingdom of Bahrain  
Tel: (+973) 1731 2644  
Fax: (+973) 1729 3007  
E-mail: [info@noga.gov.bh](mailto:info@noga.gov.bh)  
Website: <http://www.noga.gov.bh/#>

Minister of Finance  
His Excellency Ahmed bin Mohammed Al Khalifa, Minister  
Building 100, Road 1702, Block 317  
P.O Box 333  
Diplomatic Area  
Manama, Kingdom of Bahrain  
Tel: (+973) 1757 5000  
Fax: (+973) 1753 2853  
Website: <http://www.mof.gov.bh/>

Central Bank of Bahrain  
His Excellency Rasheed Mohammed Al Maraj, Governor  
King Faisal Highway  
Diplomatic Area  
Block 317, Road 1702, Building 96  
PO Box 27  
Manama, Kingdom of Bahrain  
Tel: (+973) 1754 7777  
Fax: (+973) 1753 0399  
Website: <http://www.cbb.gov.bh/home.php>

American Chamber of Commerce, Bahrain (AMCHAM)  
Mr. Hamid Rashid Al Zayani, Chairman  
Ministry of Industry and Commerce, Ground Floor  
Building 240, Road 1704,  
Diplomatic Area 317  
Manama, Kingdom of Bahrain  
Tel: + 973 -17 522 777  
Fax: + 973 -17 522 737  
Website: <http://www.amcham-bahrain.org/>

**U.S. Embassy Bahrain - Commercial Section**

Kelly Diiro, Economic/Commercial Officer  
Cesar Soriano, Economic/Commercial Officer  
P.O. Box 26431  
Manama, Kingdom of Bahrain  
E-mail: [ManamaCommerce@state.gov](mailto:ManamaCommerce@state.gov)  
Website: <http://bahrain.usembassy.gov/>  
Facebook: <http://www.facebook.com/AmericanEmbassyManamaCommerce>

**U.S. Agriculture Trade Office - Dubai**

American Consulate General

P.O. Box 121777

At the corner of Al Seef Rd. and Sheikh Khalifa bin Zayed Rd,  
Dubai, U.A.E.

Tel: +971 4 309 4000

Fax: +971 4 354 7279

E-mail: [atodubai@usda.gov](mailto:atodubai@usda.gov)

Website: [http://dubai.usconsulate.gov/dubai/con\\_offices/agri\\_affairs.html](http://dubai.usconsulate.gov/dubai/con_offices/agri_affairs.html)

## **Market Research**

[Return to top](#)

To view market research reports produced by the U.S. Commercial Service, please visit <http://www.buyusainfo.net>.

## **Trade Events**

[Return to top](#)

For information on upcoming trade events, visit:  
<http://www.export.gov/tradeevents/index.asp>

For a listing of all major U.S. food and agricultural exhibitions, visit:  
<http://www.fas.usda.gov/scripts/agexport/eventquery.asp>

Please see Chapter 3, Domestic Trade Fairs, for a list of trade events in Bahrain.

[Return to table of contents](#)



[Return to table of contents](#)

## Chapter 10: Guide to Our Services

The President's National Export Initiative aims to double exports over five years by marshaling Federal agencies to **prepare U.S. companies to export successfully, connect them with trade opportunities** and **support them once they do have exporting opportunities**.

The U.S. Commercial Service offers customized solutions to help U.S. exporters, particularly small and medium sized businesses, successfully expand exports to new markets. Our global network of trade specialists will work one-on-one with you through every step of the exporting process, helping you to:

- Target the best markets with our world-class research
- Promote your products and services to qualified buyers
- Meet the best distributors and agents for your products and services
- Overcome potential challenges or trade barriers
- Gain access to the full range of U.S. Government trade promotion agencies and their services, including export training and potential trade financing sources

To learn more about the Federal Government's trade promotion resources for new and experienced exporters, please click on the following link: [www.export.gov](http://www.export.gov)

For more information on the services the U.S. Commercial Service offers to U.S. exporters, please visit: <http://bahrain.usembassy.gov/tradeandcommerce.html>

**We value your feedback on the format and contents of this report. Please send your comments and recommendations to: [Market\\_Research\\_Feedback@trade.gov](mailto:Market_Research_Feedback@trade.gov)**

U.S. exporters seeking general export information/assistance or country-specific commercial information can also contact the **U.S. Department of Commerce's Trade Information Center** at **(800) USA-TRAD(E)**.

To the best of our knowledge, the information contained in this report is accurate as of the date published. However, **The Department of Commerce** does not take responsibility for actions readers may take based on the information contained herein. Readers should always conduct their own due diligence before entering into business ventures or other commercial arrangements. **The Department of Commerce** can assist companies in these endeavors.

[Return to table of contents](#)