

U.S. Country Commercial Guides



Bahrain 2020

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Doing Business in Bahrain

Market Overview

Bahrain is considered one of the most open economies in the Middle East and North Africa (MENA) region. With several free trade agreements, excellent infrastructure, and strong financial institutions, Bahrain is well positioned to provide traders and investors access to regional and international markets.

Bahrain is only one of two Gulf Cooperation Council (GCC) member countries to have a Free Trade Agreement (FTA) with the United States. Bahrain permits 100 percent foreign-ownership of a business or branch office, without the need for a local partner, and has no tax on corporate income, personal income, wealth, capital gains, withholding, or death/inheritance. Bahrain has no restrictions on repatriation of capital, profits or dividends.

The Heritage Foundation ranked Bahrain as the world's 63rd freest economy in its 2020 Index of Economic Freedom, behind only Qatar and the UAE among GCC member states. Bahrain's overall score in the 2020 index decreased by 0.1 points from 2019 due to small declines in business freedom, monetary freedom, fiscal health, judicial effectiveness, and overall tax burden.

After previously ranking 62nd in 2019, Bahrain strengthened business climate conditions and improved to 43rd out of 190 countries in the World Bank's "Doing Business 2020" report. The World Bank recognized Bahrain as one of the top 10 most improved economies after implementing the highest number of regulatory reforms, improving in almost every area measured by the Doing Business report.

Many U.S. businesses have done well in Bahrain and are dominant in major sectors such as oil and gas, engineering, and information and communications technology (ICT).

Bahrain's real gross domestic product (GDP) grew by 1.8 percent in 2019, on par with 2018 growth rates, while nominal GDP grew by 2.4 percent for the same year. 2019 marked positive real GDP growth rates in both the oil and the non-oil sectors of 2.2 percent and 1.7 percent, respectively.

InterNations, a global network of people living and working overseas, ranked Bahrain as the seventh most favorable destination for expatriates worldwide in 2019, dropping from first place overall in 2017 and 2018. In the survey, Bahrain ranked first among GCC counterparts across several categories, including quality of family life and the cost of living.

Market Challenges

Although foreign companies are not required to have local partners, local businessmen with strong government contacts can sometimes influence government decision-making. Interpretation and application of the law sometimes vary by ministry and may depend on the stature and connections of an investor's local partner.

The "Bahrainization" of the labor force – a quota system requiring employers to employ a minimum percentage of Bahraini nationals – can sometimes lead to delays and confusion over work permit issuance and renewal. In February 2019, Bahrain launched the National Employment Program which aims to give employment preference to Bahrainis while increasing the fees on foreigners' work permits in the Kingdom.

Many of the largest infrastructure projects in Bahrain are funded by Bahrain's wealthier GCC neighbors through the so-called GCC Stabilization Fund. Although those projects are tendered via the Bahrain Tender Board, final award decisions are made by the country that funds the project, which may override the Tender Board's recommendation.

Since 2019, the dramatic rise in the price of electricity and reduced access to financing among local banks have significantly increased the cost of doing business among Bahrain's small and medium sized enterprises.

Market Opportunities

The Bahrain government announced in April 2018 the largest oil and gas discovery since oil was first discovered in the country in the 1930s. The deposits are estimated to consist of at least 80 billion barrels of tight oil and between 10 and 20 trillion cubic feet of deep natural gas. If the oil deposits prove to be viable, government and industry officials anticipate a significant increase in Bahrain's oil production. The development and commercialization of the find presents opportunities for U.S. oil companies that provide related production, transportation, and refining support.

Prior to the COVID-19 pandemic, the non-petroleum sector of Bahrain's economy continued to grow at rates above historic trends. Growth areas include: high-value manufacturing and industrial services, information technology, health care and medical equipment, construction and engineering, ports, professional services, renewable energy, and tourism.

Migration to digital technologies became an essential business practice during the coronavirus pandemic and public and private sector demand for virtual communication, e-learning, big data analytics, artificial intelligence, and cloud based products and services remain strong.

The national healthcare system meets the overall needs of the country's total population but opportunities exist in Bahrain's health sector to increase the production of testing kits and personal protective equipment and deliver affordable treatments and therapies during the ongoing coronavirus pandemic.

Financial technologies (FinTech) is also a growing sector in Bahrain. As part of the Bahrain government's push to reinforce its position as a financial center in the region, the Bahrain Economic Development Board and Singapore's FinTech Consortium inaugurated the MENA region's largest FinTech hub, Bahrain FinTech Bay. Bahrain FinTech Bay hosts companies involved in digital banking, e-wallets, blockchain, smart contracts, artificial intelligence, risk management, and other FinTech specializations. The hub aims to further the development and acceleration of FinTech firms as well as the interaction between investors, entrepreneurs, government bodies and financial institutions.

The Bahrain government plans to increase Bahrain's land area by more than 15 percent in the coming years by reclaiming land for commercial development.

The Bahrain government has initiated major development projects in the infrastructure and transportation sectors, including quadrupling the size of Bahrain International Airport, building a second causeway to Saudi Arabia, expanding roads to less developed parts of the island, and connecting all citizens to the fiber-optic network.

Plans to expand and upgrade production lines at state-owned enterprises, including Gulf Petrochemicals Industries Company (GPIC), and Bahrain Petroleum Company (BAPCO), are in process. In May 2019, the Bahrain government completed construction of an LNG import terminal, and in February 2020, the terminal was commissioned.

Companies that produce qualifying manufactured products in Bahrain can access GCC markets duty free under the GCC Customs Union.

Market Entry Strategy

The Bahrain Investors Center provides a physical one-stop-shop location for establishing a business in Bahrain. For more information on the forms, registration options, and licensing requirements for new companies, visit <https://www.moic.gov.bh>. An American company may register as a fully U.S.-owned company under the U.S.-Bahrain FTA. It is advantageous to maintain an on-the-ground presence in Bahrain, if possible.

Although not required, a carefully selected local partner can help advise U.S. firms on advertising, promotion, and pricing. Personal relationships can increase a company's business prospects. Maintaining business relationships with regular communication and face-to-face contact also is important.

Leading Sectors for U.S. Exports and Investment

Economic growth in Bahrain is driven by a diversity of well-established, highly-performing industries. The Bahrain Economic Development Board (EDB) considers the financial services, manufacturing, ICT, tourism, real estate, education, healthcare, logistics and transportation sectors as the most productive areas for near-term investment. The renewable energy and construction sectors, among others, also offer emerging opportunities for U.S. companies. According to the United Nations Conference on Trade and Development's (UNCTAD) "World Investment Report 2020," new foreign direct investment (FDI) inflows to Bahrain totaled \$942 million in 2019, down from a peak of \$1.6 billion in 2018. In 2019, 61 percent of new investments were in the real estate, manufacturing, transport, and logistics sectors. The tourism, education, and healthcare sectors accounted for 18 percent of new investment, while the financial services and ICT sectors accounted for 12 and 8 percent, respectively.

U.S. exports to Bahrain in 2019 reached \$1.4 billion. The top categories included:

- Aircraft and spare parts: \$503 million
- Low-value shipments: \$261 million*
- Boilers, machinery, and parts: \$156 million
- Vehicles and spare parts: \$118 million
- Electrical machinery: \$54 million

(Source – U.S. Census Bureau)

**Consists primarily of miscellaneous transactions under \$2,500 each.*

Bahrain's exports to the United States in 2019 amounted to \$1.04 billion. The top export categories included:

- Aluminum and related products: \$729 million
- Mineral fuel and oil: \$134 million
- Textiles: \$65 million
- Plastics: \$31 million

(Source – U.S. Census Bureau)

Construction and Infrastructure

Overview

The International Trade Administration identifies construction as a leading sector for opportunities for U.S. firms. According to Bahrain's Information and E-Government Authority (IGA), Bahrain's construction sector grew by 2.6 percent in 2019. A key driver of this growth is a \$32 billion infrastructure investment pipeline comprised of \$10 billion in government funding, \$7.5 billion from the GCC Development Fund, and \$15 billion from the private sector. According to the Ministry of Finance and National Economy, projects with a total value of \$765 million were awarded in 2019, increasing the value of all awarded projects to \$4.7 billion by the end of 2019. This emphasis on construction is consistent with the Kingdom's Vision 2030 economic development strategy. The strategy seeks to improve infrastructure, industry, housing and connectivity and this calls for a more diverse economic base, with broader privatization, industrialization, training, and education of Bahrain's national workforce.

Large-scale government infrastructure projects continue to stimulate the sector and have positive spillover effects in supply industries. The government's major projects include:

- The \$4.2 billion Bahrain Petroleum Company (BAPCO) modernization & expansion project
- The \$3.5 billion King Hamad Causeway transportation infrastructure project
- A \$1.1 billion Bahrain International Airport modernization program
- A new \$355 million gas processing plant
- Major housing and resort projects estimated at \$2.2 billion
- Electricity and water delivery projects estimated at \$1.1 billion
- Road and sewerage infrastructure projects estimated at \$900 million
- A light rail and public transportation network
- Construction of roads, sewage networks, and electricity connection systems for three planned cities
- A new \$222 million state of the art exhibition center

A number of other projects underway focus on education, health, social development, youth, sports and industry, many of which will be funded by grants received from Bahrain's wealthier neighbors via the GCC Development Fund. The government is currently implementing the National Development Strategy 2019-2022 to ensure economically and ecologically sustainable growth and to better respond to the needs of citizens and the economy.

Leading Sub-Sectors

The demand for small housing units for small and medium-income families has increased dramatically in recent years. There are approximately 60,000 Bahraini families on the government's waitlist for subsidized housing. The government is pursuing an ambitious program of developing 40,000 housing units within the next decade. Close to 20,000 units are under construction. The major housing projects are East Hidd City, Diyyar Al Muharraq, Tubli Gardens, Argan, East Sitra, and the Naseej project in Northern City. The Ministry of Housing has also launched a social housing financing program to support the home purchases of Bahraini nationals.

In the private sector, major new freehold real estate projects have been launched in Diyar al Muharraq, Dilmunia, and Durrat al Bahrain. Among others, a 3,000-unit Deerat al Oyun project has commenced in Diyar al Muharraq. Construction work on the \$650 million Villamar project at the Bahrain Financial Harbour in central Manama is also resuming. Government-funded projects in the fields of energy, industry, and transportation have also been major drivers in the construction sector.

Opportunities

One of the largest projects within this pipeline is the \$1.1 billion Bahrain International Airport modernization project. The main contract was awarded to a consortium led by Arabtech Construction and TAV Construction in early 2017. A number of U.S. firms have won smaller sub-contracts as part of the overall expansion project. Phase one is expected to be completed by the end of 2020 and will double the airport's passenger capacity to 14 million passengers a year. Follow-on phases and new project opportunities include the construction of a maintenance repair and overhaul hanger, the refurbishment of the VIP aviation terminal, and installation of a light rail metro project connecting the airport's new passenger terminal to downtown Manama.

A new rail and road causeway project between Saudi Arabia and Bahrain is also planned. The King Hamad Causeway project will run parallel to the existing 25km-long King Fahd Causeway and include new lanes to support additional passenger and cargo traffic, as well as a rail line to link Bahrain with the main GCC railway and existing Saudi rail network.

State-owned companies also are proceeding with major projects. The manufacturing sector grew by 1.6 percent in 2019 and landmark heavy industry projects underway in downstream hydrocarbons and aluminum include the BAPCO modernization and expansion program.

The retail and hospitality sector expanded by 6.8 percent in 2019 and this growth is reflected in the large number of five-star hotels and shopping malls planned for Bahrain, including the Dilmunia Mall and the Marassi Galleria shopping complex. Both retail commercial centers will join the \$159 million Avenues Mall which opened at Bahrain Bay in late 2017. Bahrain's retail expansion has branched out geographically to the west of the island, presumably to attract weekend tourists from Saudi Arabia. Completed projects include the opening of IKEA in September 2018, the opening of the Atrium Mall in December 2018, and the construction of the Kingdom Mall in 2019.

Bahrain's tourism strategy also extends to medical-tourism projects, such as the expansion of King Abdullah Medical City, and the launch of mixed-use real estate projects at Bahrain Bay, Bahrain Marina, Diyar Al Muharraq, Water Garden City, Dilmunia, and Marassi Al Bahrain.

Other key tourism developments expected to be completed in the near-term include:

- The \$120 million Muharraq Water Front Project (Saada), consisting of retail establishments, a marina, entertainment facilities, a 4-star hotel, a multi-story car park, and a traditional souq.
- The mixed-use Bahrain Marina in Manama, consisting of a five-star hotel and hotel suites, apartments, villas, a shopping mall, entertainment and educational facilities, retail space, and a yacht club with space for 250 boats.

Resources

Bahrain Tender Board - www.tenderboard.gov.bh

Bahrain Economic Development Board - www.bahrainedb.com

Bahrain Ministry of Works, Municipalities Affairs and Urban Planning – www.works.gov.bh

Bahrain Ministry of Housing – www.housing.gov.bh

Bahrain Ministry of Industry, Commerce, and Tourism – www.moic.gov.bh

Bahrain Ministry of Transportation and Telecommunication – www.mtt.gov.bh

Bahrain Information and eGovernment Authority – www.data.gov.bh

Oil and Gas

Overview

Despite the success of economic diversification, the oil and gas sector remains a strong component of Bahrain's economy. As a small non-OPEC Gulf oil producer with approximately 124.6 million barrels of proven reserves, Bahrain receives its oil revenues from two fields: the onshore Bahrain field and the offshore Abu Safah field, which is shared with Saudi Arabia. In April 2018, the Bahrain government announced its biggest oil and gas discovery since the 1930s. The extensive reservoir discovered off Bahrain's west coast is estimated to contain some 80 billion barrels of tight oil resources in shale oil. At the same time, Bahrain also announced the discovery of 10-20 trillion cubic feet in onshore "Pre-Unayzah" deep gas reserves beneath the legacy Bahrain field.

Leading Sub-Sectors

With revenues from oil exports accounting for over 70 percent of government income in since 2007, the Bahrain government is seeking to diversify the economy and income sources from other sectors. Targeted areas for manufacturing include plastics, fiberglass, chemicals, petrochemicals, and food processing. The Bahrain government is placing particular emphasis on developing the petrochemical industry. Five petrochemical sub-sectors have grown rapidly in recent years: construction chemicals, water treatment chemicals, polymer and plastic additives, paints and coating additives, and oil field chemicals.

Opportunities

Efforts to delineate and de-risk the Khaleej Al-Bahrain (KAB) find and the Pre-Unayzah deep gas reservoir are ongoing, providing opportunities for international oil companies (IOCs) and oil field services companies alike. Bahrain engaged U.S. firm Halliburton to drill two offshore appraisal wells to evaluate the commercial viability of the KAB and in March 2020 renewed an MoU with Chevron to serve as a knowledge partner. The government invites companies to formally register their interest in order to gain access to the find's virtual data room. In December 2019, the GOB signed an Exploration and Production Sharing Agreement with Eni to develop Northern Block 1, separate offshore conventional resources located in Bahrain's northern territorial waters. The three remaining northern blocks will be marketed in a virtual roadshow in late 2020.

Bahrain is carrying out a modernization plan of the BAPCO refinery with TechnipFMC, which is reportedly 50 percent complete. The expansion will boost BAPCO's processing capacity to 360,000 barrels per day (bpd) from 267,000 bpd once finalized in 2022, BAPCO has also announced the creation of the Bahrain Gasoline Blending joint venture with UK-based Greenergy to establish a regional gasoline-blending hub.

Bahrain LNG, jointly owned by Bahrain's National Oil and Gas Holding Company (Noga Holding) and a consortium consisting of Teekay LNG Partners, Gulf Investment Corporation (GIC) and Samsung C&T (Samsung), completed the construction of Bahrain's first LNG import terminal. The terminal is located offshore approximately four kilometers east of the onshore receiving facility at the Khalifa Bin Salman port. The terminal, which was commissioned in February 2020 but remains idle, is seen as a strategic asset that could be leveraged to supplement local gas production in Bahrain and ensure capacity to meet peak seasonal gas demand and industrial growth in the future if needed. The project has a capacity of 800 million standard cubic feet per day.

Bahrain has a well-developed aluminum industry with downstream aluminum manufacturing occupying a significant share of the secondary sector in the economy. There are several investment opportunities in the downstream aluminum value chain, including opportunities to manufacture and supply components for the GCC railway network.

Resources

Bahrain Tender Board - www.tenderboard.gov.bh

Bahrain Economic Development Board - www.bahrainedb.com

Bahrain National Oil and Gas Authority – www.noga.gov.bh

Petrochemicals

Overview

Seeking further diversity in its economy, the Bahrain government has worked to identify alternatives to the oil and gas sector for generating exports. The development of Bahrain's petrochemicals industry is the top priority for industrial development in Bahrain. The Bahraini government established the Gulf Petrochemical Industries Company (GPIC) in 1980 to produce ammonia and methanol. By 1988, GPIC produced 1,700 tons of petrochemicals daily, which led to the creation of new downstream industries in Bahrain. Within the petrochemical sector, five sub-sectors have grown quickly in recent years: construction chemicals, water treatment chemicals, polymer and plastic additives, paints and coating additives, and oil field chemicals.

Leading Sub-Sectors

Among the leading industries in Bahrain are the aluminum, iron, petrochemicals, plastics, glass, food and pharmaceutical, shipbuilding and repair, iron pellets, among others. BAPCO refines 267,000 barrels per day of crude oil to produce: gasoline, kerosene, jet fuel, low-sulfur diesel, heavy distillates, fuel oil, asphalt, liquefied petroleum gas, propane, and butane. Gulf Petrochemical Company (GPIC) converts natural gas to ammonia chemical fertilizers and methanol with a production capacity of about 1.5 million tons per year. Aluminum Bahrain (Alba) produces liquid aluminum (molten), as well as rolling and drawing molds and standard alloys for local industries and alloy wheels, with a production capacity of more than one million metric tons per annum, of which 50 percent is allocated to local customers by supplying them with various types of products such as liquid metal, rolling molds, and drag rods.

Opportunities

To optimize the utilization of smelter products in Bahrain, several manufacturing plants have been established based on Alba products as a major source of raw materials. The establishment of Alba resulted in the founding of small and medium-sized factories utilizing aluminum for the production of doors, windows, kitchens, and other products. Main local manufacturers include Midal Cables Co., manufacturer of aluminum cables and electrical connectors; Gulf Aluminum Rolling Company (GARMCO), producer of rolled products, rolled metal sheets, and aluminum circuits; Bahrain Aluminum Extrusions Company (BALEXCO), which produces aluminum profiles, metal coating, smelting and fabrication; and Bahrain International Metal Spray Company, producer of powder and aluminum pellets used in the manufacture of dyes and spare parts.

Opportunities for U.S. firms exist in the manufacturing of basic chemicals, fertilizers, nitrogen compounds, plastics and synthetic rubber in primary forms, as well as in the manufacturing of pesticides, cosmetics, and synthetic fibers.

Bahrain presents opportunities for manufacturing in the following subsectors: construction chemicals, water treatment chemicals, polymer and plastic additives, paints and coating additives, and oilfield chemicals.

The Bahrain government plans several new production facilities that could present potential opportunities for U.S. firms. These include:

- A urea plant expansion project under GPIC
- An ammonia plant expansion project under GPIC
- An aromatics plant project under National Oil and Gas Authority (NOGA)
- A polyethylene & polypropylene plant project under NOGA
- A naphtha cracking refinery plant project under NOGA.

Resources

Bahrain Tender Board - www.tenderboard.gov.bh

Bahrain Economic Development Board - www.bahrainedb.com

Bahrain National Oil and Gas Authority – www.noga.gov.bh

Bahrain Petroleum Company – www.bapco.net

Gulf Petrochemical Industries Company – www.gpic.com

Aluminium Bahrain – www.albasmelter.com

Customs, Regulations and Standards

Trade Barriers

The Basic Customs Duty is a tariff imposed on goods that are transported across international borders. Bahrain applies a Common External Tariff (CET) of five percent on nearly all imported goods with the exception of goods produced in the GCC region and countries that signed international trade commitments or bi-lateral trade agreements voiding the CET, including the U.S. Certain types of goods, including paper and aluminum, are charged a 20 percent duty rate upon import into Bahrain.

Bahrain has ratified and adopted the GCC Common Law on Anti-Dumping, Countervailing Measures, and Safeguards. The legislation seeks to provide uniform protection to GCC industries from unfair international trade practices such as dumping (unfair pricing of imported products), countervailing subsidies, and an unjustifiable increase in the imports of certain goods (against which safeguards are implemented).

The Bahrain government prohibits domestic production of alcohol and tobacco. For health and religious reasons, non-GCC alcoholic beverage imports are assessed a 125 percent customs duty and non-GCC imported tobacco products are assessed a 100 percent duty.

The following items are restricted and their import into Bahrain is allowed only with a No Objection Certificate (NOC), valid permit, or approval document issued by the relevant regulatory authority:

- Live wild animals, including horses (excluding circus or performance animals)
- Animals, birds and their by-products
- Animal or vegetable fertilizers
- Insecticides and fungicides
- Meat and meat products
- Fish and seafood products
- Fruit and vegetables
- Plants
- Radioactive chemicals and active isotopes
- Food products (processed and unprocessed)
- Pharmaceuticals
- Medicines
- Unadulterated ethyl alcohol, iso-propanol
- Pedestrian-controlled four-wheel mini cars
- Handcuffs made from iron/steel
- Arms, ammunition, explosives and military weapons
- Magazines and publications
- Films and video
- Optical and magnetic audio-visual media
- Items infringing on intellectual property rights

- Telecommunications, radio and television receiving and broadcasting equipment

Import Tariffs

Under the U.S.-Bahrain FTA, bilateral trade in industrial and consumer products, with the exception of some agricultural items, may be conducted duty free. Goods manufactured outside the FTA region may be imported according to Bahrain’s tariff schedule listed below. Bahrain is party to the GCC Unified Customs Union agreement. The agreement eliminated tariffs for GCC member states on 426 items (primarily food and medical products), and lowered import duties to five percent on all other commodities except alcohol and tobacco which are assessed duties at 125 and 100 percent, respectively. The Customs authorities of the GCC countries finalized the Unified GCC Customs Tariff of 2017, which entered into force on January 1, 2017. In February 2017, the GCC states, including Bahrain, ratified the Unified Selective Tax Agreement for the GCC States. It imposes a tax on goods harmful to human health and the environment, as well as luxury goods. Tax rates are determined by the Committee for Financial and Economic Cooperation of the GCC States.

Customs rates for trade under the FTA and within the GCC customs union are as follows:

Duty Exempt	Includes most goods traded under the FTA, as well as 426 listed commodities (mostly food and medical products) for intra-GCC trade.
▪ 5 percent import duty	All other commodities, except tobacco and alcoholic beverages
▪ 100 percent import duty	Tobacco products (not exempt under the FTA)
▪ 125 percent import duty	Alcoholic beverages (not exempt under the FTA)

To incentivize FDI, the Bahrain government does not levy duties on imports of raw materials or of semi-manufactured goods, provided that the final products assembled using these inputs will be exported out of Bahrain. The Bahrain government also allows items imported for development projects (excluding spare parts), and transshipments to be imported duty free.

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

- Goods imported to the GCC region are granted duty-free entry if the importer presents certificates issued by the first single-entry point as a proof that customs duties have been paid after the establishment of the customs union.
- Goods imported to the GCC for which the importer fails to prove payment of customs duties shall have their customs duty collected by the customs authority of the country that is the 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 entry 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.

Import Requirements and Documentation

Customs Procedures

Importers or their local agents must complete a customs bill of entry before importing goods to Bahrain. Importers should strongly consider using a registered, licensed clearing agent to ensure import procedures are completed expeditiously. The customs clearance process includes the following steps:

- Statistics Office
- Imports and Exports Restriction Office
- Auditing the customs charges and other charges
- Payment to cashier of related charges
- Inspection and checking of document

The importer is required to submit the customs declaration in addition to the following documents for the importation of goods:

- Import customs declaration form
- Shipping agent delivery order from shipping agent line to importer/consignee (with valid commercial registration)
- Three copies of the original invoices from the exporter addressed to the importer
- Two copies of the packing list with detailed weights, packaging, and goods classification for each individual item within the shipment
- An original certificate of origin from relevant chambers of commerce of country of origin of goods
- A copy of the insurance policy
- Original bill of lading
- Import permit/approval from relevant authority for importation of restricted goods
- Bank advice/guarantee (if applicable)
- A statistical declaration if the final destination of the goods is within GCC countries.

Import Customs Clearance Procedures

After submitting the customs declaration form using the eCAS Customs Clearing System, the procedure for customs clearance is as follows:

- Pay the duty and fees due at the cashier desk in the customs point where the goods will be cleared
- Submit all the relevant documentation to the customs clearing officer at the customs point
- Pay the relevant cargo handling fees and make an appointment for movement of the cargo at the port operator desk
- Port operator will move the container to the relevant inspection point
- Customs will risk assess the goods and inspection may be carried out accordingly
- Goods will be cleared and allowed to leave the customs point.

For food items, Bahrain’s customs regulations require importers to present a manufacturer’s certificate stating that goods do not contain cyclamates. All Arab origin products which are imported under the facilitation and trade exchange convention among Arab countries are reciprocally exempted from customs duties on producing a recognized certificate of origin. However, all types of tobacco, cigarettes and alcoholic beverages are excluded from such exemption. Imported and exported goods are classified according to the Standard International Trade Classification (SITC), Revision 3.

Labeling and Marking Requirements

GCC countries enforce common labeling standards for imported goods. Food labels must include product and brand names, production and expiration dates, country of origin, the name and address of the 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 both Arabic and English. 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 properly labeled will be confiscated and possibly banned from future import for a specified period of time. American-made goods should be clearly marked “Made in the USA” to qualify for duty free treatment under the FTA.

U.S. Export Controls

The United States imposes export controls to protect national security interests and promote foreign policy objectives related to dual-use goods through implementation of the Export Administration Regulations (EAR). The Bureau of Industry and Security (BIS) is comprised of two elements: Export Administration (EA), which is responsible for processing license applications, counselling exporters, and drafting and publishing changes to the [Export Administration Regulations](#); and Export Enforcement (EE), which is responsible for the enforcement of the EAR. BIS works closely with U.S. embassies, foreign governments, industry, and trade associations to ensure that exports from the United States are secure and comply with the EAR. BIS officials conduct site visits, known as End-Use Checks (EUCs), globally with end-users, consignees, and/or other parties to transactions involving items subject to the EAR to verify compliance.

An EUC is an on-site verification of a non-U.S. party to a transaction to determine whether the party is a reliable recipient of U.S. items. EUCs are conducted as part of BIS’s licensing process, as well as its compliance program, to determine if items were exported in accordance with a valid BIS authorization or otherwise consistent with the EAR. Specifically, an EUC verifies the *bona fides* of transactions subject to the EAR, to include: confirming the legitimacy and reliability of the end use and end user; monitoring compliance with license conditions; and ensuring items are used, re-exported or transferred (in-country) in accordance with the EAR. These checks might be completed prior to the export of items pursuant to a BIS export license in the form of a Pre-License Check (PLC), or following an export from the U.S. during a Post-Shipment Verification (PSV).

BIS officials rely on EUCs to safeguard items subject to the EAR from diversion to unauthorized end uses/users. The verification of a foreign party’s reliability facilitates future trade, including pursuant to BIS license reviews. If BIS is unable to verify the reliability of the company or is prevented from accomplishing an EUC, the company may receive, for example, more regulatory scrutiny during license application reviews or be designated on BIS’s Unverified List or Entity List, as applicable.

BIS has developed a list of “red flags”, or warning signs, and compiled “[Know Your Customer](#)” guidance intended to aid exporters in identifying possible violations of the EAR. Both of these resources are publicly available, and their dissemination to industry members is highly encouraged to help promote EAR compliance.

BIS also provides a variety of training sessions to U.S. exporters throughout the year. These sessions range from one to two-day seminars that focus on the basics of exporting to coverage of more advanced, industry

specific topics. Interested parties can check [This is a best prospect industry sector for this country](#). Includes a market overview and trade data [list of upcoming seminars and webinars](#) or reference BIS provided [online training](#).

BIS and the EAR regulate transactions involving the export of “dual-use” U.S. goods, services, and technologies. For advice and regulatory requirements, exporters should consult the other U.S. Government agencies which regulate more specialized items. For example, the U.S. Department of State’s Directorate of Defense Trade Controls has authority over defense articles and services, or munitions. A list of other agencies involved in export control can be found on the [BIS website](#) or in Supplement No. 3 to Part 730 of the EAR.

The EAR is available on the [BIS website](#) and on the [e-CFR](#) (Electronic Code of Federal Regulations) and is updated as needed. The [Consolidated Screening List](#) (CSL) is a list of parties for which the United States Government maintains restrictions on certain exports, reexports or transfers of items. The CSL consolidates eleven export screening lists of the Departments of Commerce, State and the Treasury into a single data feed as an aid to industry in conducting electronic screens of parties to regulated transactions. Exporters are encouraged to classify their items prior to export, as well as consult the CSL to determine if any parties to the transaction may be subject to specific license requirements.

Prohibited and Restricted Imports

Customs regulations prohibit the following items from being imported into Bahrain:

- All types of narcotic drugs (heroin, cocaine, hashish, pills having drug effects, etc.)
- Used and reconditioned tires
- Cultured pearls
- Advertisement material for all types of cigarettes
- Radio/ remote controlled model aircraft
- Children’s toy guns capable of firing projectiles
- Goods of Israeli origin or bearing Israeli trademarks or logos
- Printed publications, photographs, pictures, books, magazines sculptures and mannequins which contradict Islamic teachings, decency, or immorality
- Seditious or treasonable material
- Asbestos or items containing asbestos
- Raw ivory, ivory articles, and rhinoceros horn
- Live swine
- Any other items, whose importation is prohibited under Kingdom of Bahrain customs laws, or any other laws of the country

The Bahrain government 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, Commerce and Tourism (MoICT) after approval by the Ministry of Health.

All imported beef and poultry products require a health certificate issued by the country of origin, as well as a halal slaughter certificate issued by an approved Islamic center in the originating country which authenticates the Islamic standards for slaughtering animals and poultry.

Customs Regulations

For more information, contact Bahrain's Directorate of Customs Affairs at:

Bahrain Customs Directorate
Customs Affairs – Ministry of Interior
Sh. Khalifa Bin Salman Road
Hidd, Kingdom of Bahrain
Tel: +973-1735-9206
E-mail: info@customs.gov.bh
Website: www.bahraincustoms.gov.bh

Standards for Trade

Overview

The Bahrain Standards and Metrology Directorate (BSMD) is the national standardization body of Bahrain. It is a member of the Arab Industrial Development and Mining Organization (AIDMO), the Arab Center for Standardization and Metrology and a founder member of the Gulf Standardization Organization (GSO). BSMD is a correspondent member of the International Organization of Legal Metrology (OIML), an ISO member, and implements the good regulatory practice of the WTO/Technical Barriers to Trade agreement.

Standards

The GCC Customs Union in theory requires member states to enforce unified standards across the region. Bahraini standards are required to meet national requirements for safety, quality, and fitness for purpose as determined by respective technical committees in Bahrain. 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 Bahrain Standards and Metrology Directorate (BSMD) is a government institution within the MoICT. It is responsible for issuing Bahrain's standards, either by adopting as national standards the international or Gulf standards issued by the 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 in Bahrain. The BSMD consists of two sections: Standards and Information and Quality Assurance and Metrology section.

Testing, Inspection and Certification

Most imported products can enter the market freely. The BSMD has established an office at Khalifa Bin Salman Port in the Customs Department to check and approve all regulated products before they enter Bahrain. Below is a list of products that are checked upon import into Bahrain:

- Tires
- Car batteries
- Automobiles spare parts
- Cement
- Asbestos
- Toys

- Plastic bags
- Tissue paper
- Electric appliances
- Cosmetics
- Nutrition products
- Weighing scales, weights, measuring tapes & meters
- Air conditioners

Publication of Technical Regulations

The National Committee of the BDSM approves and issues procedures for the implementation of national standards. The National Committee has approved several GCC standards as mandatory. The committee issued these in the form of a ministerial order and published them in the Official Gazette. The Official Gazette is available on the website of the Legal Affairs Directorate (Arabic only, www.legalaffairs.gov.bh). Members of the World Trade Organization (WTO) are required under the Agreement on Technical Barriers to Trade (TBT Agreement) to notify to the WTO proposed technical regulations and conformity assessment procedures that could affect trade. Notify U.S. (www.nist.gov/notifyus) is a free, web-based e-mail registration service that captures and makes available for review and comment key information on draft regulations and conformity assessment procedures. Users receive customized e-mail alerts when new notifications are added by selected country(-ies) and industry sector(s) of interest and can request full texts of regulations. This service and its associated web site are managed and operated by the USA WTO TBT Inquiry Point housed within the National Institute of Standards and Technology, part of the U.S. Department of Commerce.

Contact Information

Ministry of Industry, Commerce & Tourism
 Bahrain Standards & Metrology Directorate
 Bahrain Financial Harbour
 P.O. Box 5479
 Manama, Kingdom of Bahrain
 Phone: +973-1757-4871
 Fax: +973-1753-0730
 E-mail: bsmd@moic.gov.bh
 Website: <http://www.moic.gov.bh>

GCC Gulf Standardization Organization
 Diplomatic Quarter
 Aladeem Street, Near the Egyptian Embassy
 Riyadh, Kingdom of Saudi Arabia
 Phone: +966-920-033-992
 E-mail: gso@gso.org.sa
 Website: <https://www.gso.org.sa>

Trade Agreements

The Bahrain government is a member of the WTO and the GCC. Bahrain has bilateral and economic agreements with over 40 countries, including free trade agreements with the United States, Singapore (GSFTA), the EFTA States (Iceland, Liechtenstein, Norway & Switzerland), China, France, India, and the United Kingdom. It also has duty-free access to the 17 Arab states party to the Greater Arab Free Trade Agreement (GAFTA).

Bahrain has also signed agreements regarding:

- Promotion and protection of investment with 34 countries
- Avoidance of double taxation with 41 countries
- Reciprocal exemption of international air transport with 6 countries
- Economic, trade, and technical cooperation with 31 countries

Bahrain implemented an FTA with the United States in August 2006, the first FTA between the United States and a Gulf state. Bahrain's trade balance relies on adding value to imported raw materials and on exporting refined hydrocarbon products. A large share of exports consists of petroleum products made from imported crude oil. Bahrain also has substantial aluminum production. Bahrain's main trading partners include Saudi Arabia, the UAE, the United States, China, and Japan.

Licensing Requirements for Professional Services

Investors can apply for commercial registration with the Ministry of Industry, Commerce and Tourism and track the status of their applications and approvals through the ministry's Commercial Registration Portal at www.sijilat.bh.

The most commonly used business vehicles in Bahrain are the closed joint stock company (CJSC) and limited liability company (called a WLL in Bahrain but synonymous with an LLC) due to their flexible corporate structures. Foreign companies can set up branch or agency offices without being subject to the same provisions as for the formation of companies. It is also possible to establish shelf companies, which can take any form and are valid for one year, during which time approvals and licenses must be obtained.

All documents needed for a company's incorporation can be found on the website of the Ministry of Industry, Commerce and Tourism: www.moic.gov.bh.

Foreign documents must be notarized and legalized, or notarized and apostilled. Companies offering financial services must also obtain a license from the Central Bank of Bahrain, which takes 60 days. Details can be obtained from www.cbb.gov.bh.

If all documents are in order, commercial registration by the Ministry of Industry and Commerce will be completed within approximately one to two weeks.

Selling US Products and Services

Distribution & Sales Channels

Using an agent or distributor

The U.S.-Bahrain FTA and Bilateral Investment Treaty (BIT) ensure American companies no longer need to appoint a local commercial agent, though they may opt to do so. A commercial agency arrangement enables foreign investors to access the market without having to establish a direct presence in Bahrain. 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. As in other Gulf countries, regular, personal contact is the key to success in trade relationships.

A company's office qualifies as a regional office if the company services even one additional GCC country from the 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 navigate the local bureaucracy.

The law governing the relationship between a Bahraini agent and foreign principal is the Commercial Agencies Law promulgated by Legislative Decree No. 10 of 1992 and its Implementing Regulations, Ministerial Order No. 2 of 1993. The law was amended by Legislative Decree No. 8 of 1998 and Legislative Decree No. 49 of 2002 (also known as the 'Agency Law').

Establishing a local office

Companies wishing to open an office in Bahrain must first register at the Bahrain Investors' Center (BIC), located in the Bahrain Financial Harbor in Manama. Operated by the MoICT, the BIC is a "One-Stop Shop" where 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, come together to support registrants. Some commercial activities such as tourism, entertainment, schools, nurseries (daycare), and training institutions, however, may require approval from other government agencies.

MoICT's Domestic Trade Affairs Directorate regulates all commercial licenses and activities in Bahrain. MoICT's Commercial Registration (CR) Department issues commercial licenses, collects registration fees, processes 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 BIC in the Bahrain Financial Harbor, or electronically from MoICT's website: www.sjilat.bh

Bahrain Investors' Center
Bahrain Financial Harbor
Harbor Gate
PO Box 2210
Manama, Kingdom of Bahrain
Tel: +973-1756-2222
Email: investorrelation@moic.gov.bh
Website: www.moic.gov.bh

Franchising

The demand for U.S. franchises remains strong in Bahrain, particularly in the fast food, restaurant, and retail sectors. More than one hundred U.S. franchise restaurants and outlets operate in Bahrain, with new ones opening regularly. Many major brands are present in Bahrain, among them: Baskin Robbins, Burger King, Caribou Coffee, Chili's, Cold Stone Creamery, Dairy Queen, Domino's, Dunkin Donuts, Elevation Burger, Five Guys, Fuddruckers, the Great American Bagel Co., Hardee's, IHOP, Kentucky Fried Chicken, Krispy Kreme, Little Caesar's, McDonald's, Nestle Toll House, Papa Johns, Pizza Hut, Potbelly, Romano's Macaroni Grill, Roundtable Pizza, Seattle's Best Coffee, Starbucks, Subway, TCBY, Texas Chicken, Texas Roadhouse, Tony Roma's, and ZPizza. Although Bahrain's market seems to be very receptive to new franchising opportunities, it is a competitive medium with a variety of local and international franchises and many of them utilize broadly popular internet and app-based food delivery services, including Talabat and Carriage, to advertise and compete.

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. Local businesses increasingly view franchising as an opportunity to establish additional consumer-oriented businesses. The franchise market is growing rapidly in several sectors, among them fast food and restaurants, hospitality, automotive services and spare parts, high-end fashion, printing, and convenience stores.

The Bahrain government has yet to develop a specialized body of legislation to regulate franchising activities. Franchise agreements are governed by standard commercial laws. Bahrain's legislation for regulating patents and trademarks constitutes the most specialized body of commercial laws that apply to franchising activities. Bahrain is a member of the World Trade Organization (WTO) and has ratified the WTO Trade-Related Aspects of Intellectual Property Rights (TRIPS) agreement. The Bahraini government has brought its national laws and regulations into compliance with the principles of both these agreements. Bahrain is also a member of the World Intellectual Property

Organization (WIPO) and a signatory of the Berne Convention for the Protection of Literary and Artistic Works and the Paris Convention for the Protection of Industrial Property. Registered patents are valid for 15 years, renewable for an additional period of five years. Trademark registration is valid for ten years.

The Investment and Technology Promotion Office in Bahrain, operating under the UN Industrial Development Organization (UNIDO), has been promoting franchising as a model for helping grow small and medium-sized enterprises (SMEs) and attracting local and foreign investment. A major step towards reaching this objective has been the establishment of the Franchise Association for the Middle East (FAME), co-founded by the OECD MENA Investment Center and the Lebanese Franchise Association (LFA).

Direct Marketing:

Bahrain is ranked fourth globally in the number of internet users with a penetration rate of 99.7% and easy access to social media and online platforms have helped create an active medium for marketing businesses online. However, traditional advertising methods remain active, such as printed ads in local newspapers and magazines, fairs and exhibitions, signboards and billboards. Advertising is also possible on Bahraini television and radio. Many businesses distribute flyers in residential neighborhoods. It is also possible to advertise via text messaging on cellular networks. The major mobile phone service providers are Batelco, STC, and Zain. Bahrain regularly hosts trade shows, which provide good opportunities to market to importers and distributors.

Joint Ventures/Licensing

The demand for joint ventures and licensing opportunities remains strong in Bahrain. The infrastructure, ICT, electricity, water, tourism, training and education sectors have been privatized and are important growth sectors in the economy.

American companies are attractive to Bahraini partners due to their brand recognition and potential opportunities for technology transfer.

Bahrain's Commercial Companies Law permits joint ventures between parties. A joint venture agreement must specify the parties' rights and obligations and determine the division of profits and losses. There are no other specific formalities for parties to enter into a joint venture (such as registration). Joint ventures in Bahrain have no corporate identity. Since all business activity in Bahrain must be conducted through a company or an individual establishment, third parties have recourse against a company or individual establishment, not directly against the joint venture.

In practice, individuals from a foreign company and a local business who want to engage in a joint venture are likely to set up a new company. Establishing a limited liability company is the most popular business vehicle for this purpose. The parties' relationship is governed by the constitutional documents of the new company, in particular the memorandum of association. However, some parties also draw up additional agreements to govern their relationship. These are enforceable only to the extent that they are not contrary to the laws of Bahrain.

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

Express Delivery

Major global express delivery companies, such as DHL, FedEx, UPS, ARAMEX, Sky Net, and others, operate in Bahrain. Transit times vary but for packages shipped from the United States to Bahrain, the average time is two to three days, not including the customs clearance process. Customs procedures and requirements are standard and can be found on the Bahrain Customs website at www.bahraincustoms.gov.bh.

Due Diligence

Due diligence is essential to avoid fraud. Any legitimate business in Bahrain will operate under a valid Commercial Registration (CR), with a validity date of less than two years. All U.S. companies should check a company's CR before doing business with them through the Government of Bahrain's Commercial Registration Portal,

www.sijilat.bh. The U.S. Commercial Service also provides a fee-based due diligence service for U.S. companies, called International Company Profile (ICP). For more details, contact:

U.S. Embassy Manama – Commercial Section

P.O. Box 26431

Manama, Kingdom of Bahrain

Tel: (973) 1724-2700

Fax: (973) 1725-6717

Email: ManamaCommercial@state.gov

Website: <https://bh.usembassy.gov/business/>

eCommerce

[The eCommerce Innovation Lab \(EIL\)](#) is a national office within the US Field that positions the U.S. Commercial Service as a pacesetter resource for US businesses through empowering client-facing staff with a baseline understanding of digital trade, enabling quicker response to client needs by providing value add digital client counseling. This helps ITA to adapt alongside industry to remain ahead of the curve on client service, trade promotion, and trade policy development through more knowledgeable and effective collaboration.

Our office has created a U.S. Field-based client digital strategy counseling process that focuses on these key concepts:

- [eCommerce is a sales channel](#) that crosses all industries that sell or promote brand awareness online. eCommerce as a sales channel is part of a businesses' B2B and/or B2C digital strategy
- [A digital strategy](#) addresses the basic needs of a business required to succeed in cross-border ecommerce sales channels. Our counseling process focuses on identifying these needs
- [eCommerce Key Performance Indicators](#) allows businesses to understand where their digital efforts are paying off
- [eCommerce Business Service Provider Directory \(BSP\)](#) provides follow-up to our digital strategy recommendations that will help the client to succeed in overseas markets

Assessment of Current Buyer Behavior in Market

E-commerce is rapidly expanding in Bahrain and the MoICT expects online commercial activity in the Middle East and North Africa region to exceed \$28 billion by 2022. Computer-literacy rates are high and businesses recognize the commercial value of the internet. Bahrain's large youth demographics and extensive internet penetration rate above 99% have led to higher online shopping rates than in other GCC member states. Widespread smart phone and tablet usage has made social media applications such as WhatsApp, YouTube, Facebook, and Instagram popular platforms for advertising retail, delivery, and other commercial services.

Local eCommerce Sales Rules & Regulations

Bahrain's National E-Government Strategy 2020 falls in line with the government's previous strategic plans, focusing on advancing the living standards of Bahraini nationals, and reducing public sector expenditures by expanding online government services. The GOB has moved rapidly towards a digital economy and has recently passed a number of regulations to boost the country's e-commerce domain. The Electronic Communications and Transactions Law and the Personal Data Protection Law, both enacted in 2018, updated Bahrain's legal framework to protect personal data and electronic records and govern their use for completing transactions in a digital marketplace. Under these laws, electronic signatures are generally considered valid and binding but Bahraini authorities have yet to register any accredited certification service providers. Therefore, documents signed electronically will not automatically benefit from the presumption of authenticity and cannot be considered legally equivalent to handwritten signatures unless contractual parties to a transaction expressly consent to use and accept electronic signatures and electronic records.

Bahrain's Information and eGovernment Authority (IGA) enhances the services provided by the government to citizens, foreigners, and investors and the government's digital strategy focuses on eight pillars: increased participation and engagement; increased partnerships and private sector ICT readiness; improved national e-literacy and government IT skills; heightened protection of information and user rights; a higher-performing, collaborative, integrated, and efficient government; comprehensive and effectively managed quality service; enhanced e-government channels and user experience with increased service uptake; and greater innovation and entrepreneurship. The MoICT permits online commercial registration to companies with 100 percent Bahraini ownership, in part to encourage the development of e-commerce activities in Bahrain.

Local eCommerce Business Service Provider Ecosystem

The ICT sector constitutes a major pillar of Bahrain's economy and is one of the core sectors the Bahrain EDB has focused on developing, both to attract FDI and to expand local employment. Recent years have seen a significant expansion in the ICT landscape, as well as a push towards cutting-edge technologies, including FinTech.

Travel bookings have been the leading product category purchased online, and shoppers are increasingly beginning to purchase physical products via the internet as well, particularly electronics, computers, and jewelry. Online shopping for clothing has also begun to gain in popularity. Online food delivery services are also growing in popularity and present promising market opportunities.

The Bahrain government has launched several initiatives to grow Bahrain's e-commerce domain. Start Up Bahrain (www.startupbahrain.com) provides an electronic ecosystem to nurture innovative digital startups while www.mall.bh allowed small and medium sized enterprises to transition their sales position from traditional brick and mortar locations to an online portal during the coronavirus pandemic. In a push to use these technological openings, MoICT operates an electronic governance program and a directorate for electronic commerce to promote e-commerce services. Local banks offer electronic banking, and many utility companies now accept electronic transactions for bill payments.

However, there are obstacles to the growth of online businesses in Bahrain, among them are the low adoption rates of online retail by local businesses, the predominance of cash on delivery payments, and low consumer acceptance of online shopping, compared to international benchmarks. Local merchants have largely kept their products off of online platforms, so Bahrain-based customers often purchase goods online from other GCC member states or other markets. Cross-border internet shopping is common and the main products purchased online are electronics, clothes, beauty products and jewelry, including watches. International websites such as Souq.com, Amazon and eBay are among the most popular shopping destinations for online consumers in Bahrain and across the GCC.

The BENEFIT Company (Bahrain's Electronic Network for Financial Transactions) is the national gateway which handles payments or electronic money transfers in Bahrain and is the backbone of the country's financial services industry. It is licensed by the Central Bank of Bahrain as a provider of ancillary services to the financial sector. Services include managing the national ATM switch system and switching local debit card transactions at the point of sale, as well as operating Bahrain's credit reference bureau, internet banking shared platform, direct debit, payments gateway, check clearinghouse, and dispute management systems.

By the mid-2000s and due to the increased demand for online payment facilities in Bahrain, the BENEFIT Company and ACI Worldwide created a national payments gateway that enabled members to process online transactions made with all locally issued debit cards, as well as VISA, MasterCard, Amex and JCB credit cards.

Selling Factors & Techniques

Overview

A carefully selected local partner can advise U.S. firms on advertising, promotion, and pricing. Due to cultural differences, techniques and marketing language that are effective in the United States may not be effective in Bahrain. A local partner can help navigate language and cultural issues.

Trade Promotion and Advertising

Bahrain-based trade shows can provide U.S. firms with an opportunity to increase brand awareness, identify investment opportunities, and locate trade partners, importers and distributors. The Bahrain government wants to attract new exhibition and conference participants and expand Bahrain's role as a regional exposition and conference hub. Plans are underway to complete a new exhibition hall near the Bahrain International Circuit in 2022.

The Bahrain EDB (www.bahrainedb.com), Bahrain Tourism and Exhibitions Authority (www.beca.bh), Hilal Conferences & Exhibitions (www.hilalce.com), and Arabian Exhibition Management (www.aemallworld.com) are Bahrain's principal agencies for organizing local and international trade shows and exhibitions. Leading exhibitions in Bahrain include:

- Gateway Gulf Investor Forum: www.gatewaygulf.com
- The Bahrain International Air Show: www.bahraininternationalairshow.com
- Jewellery Arabia: www.jewelleryarabia.com
- The Middle East Oil & Gas Show & Conference: www.meos-expo.com
- The Bahrain International Defense Exhibition and Conference: www.bahraindefence.com

Bahrain hosted the Global Entrepreneurship Congress (GEC) in 2019, an event highlighting Bahrain's efforts to serve as a regional conference and entrepreneurship hub.

Pricing

The Bahrain government does not levy sales tax on goods or services and there are no corporate taxes. However, the Bahraini government introduced an excise tax in 2017 that imposes taxes of 100 percent on tobacco and energy drinks and 50 percent on soft drinks. The Bahraini government introduced a Value Added Tax (VAT) in early 2019 in conjunction with other GCC member governments. Under the VAT, most goods and services are taxed at a rate of five percent. No tax is levied on several categories of products and services, including basic foodstuffs, medications, healthcare services, books, new building construction, education, local transportation, and oil and gas. Businesses that sell these goods and services are entitled to claim a credit for VAT paid on related expenditures.

Most restaurants charge a 10 percent hospitality tax, plus an additional 10 to 12 percent "service charge," a fee that is not generally passed on to wait staff.

Shipping generally adds a considerable cost to items manufactured in the United States, 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.

Hard bargaining is common and expected in the local souqs (traditional markets) of Manama and Muharraq, where buyers generally ask for discounts and vendors inflate their initial offers accordingly.

Sales Service/Customer Support

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

Local Professional Services

Professional service firms are available in the Bahrain market to help companies set up their businesses seamlessly and in a timely manner. Foreign companies normally use the services of:

- Lawyers

- Business establishment consultants
- Business centers
- Banks, which in some cases can set up a company's operations in Bahrain.
- Auditing Firms

The Bahrain EDB (www.bahrainedb.com) and the MoICT Bahrain Investors Center (www.moic.gov.bh) offer guidance and support to foreign investors, especially during the early stages of establishing a business.

U.S. Embassy Manama's Commercial Section (ManamaCommercial@state.gov) offers commercial services to assist U.S. companies in taking advantage of new business opportunities in Bahrain, including trade counseling, market intelligence, business matchmaking, and commercial advocacy.

Principal Business Associations

The main business associations in Bahrain are the:

- American Chamber of Commerce (AmCham): www.amchambahrain.org
- Bahrain Chamber of Commerce and Industry (BCCI): www.bahrainchamber.bh
- Bahrain Economic Development Board (EDB): www.bahrainedb.com
- Bahrain Businessmen's Association: www.bbma.bh
- Bahrain Businesswomen's Association: www.bahrainbusinesswomen.com
- US-Bahrain Business Council: www.usbahraincouncil.com

Limitations on Selling U.S. Products and Services

The U.S.-Bahrain Bilateral Investment Treaty (BIT) provides benefits and protection to U.S. investments in Bahrain, such as "most-favored nation" and "national treatment." The following are the only limitations on selling U.S. products and services in Bahrain:

- Gambling
- Alcoholic drinks
- Narcotics
- Weapons
- Cigarettes
- Import of all types of waste and treatment, storage and dumping of radioactive materials and toxic waste in Bahrain
- Import, manufacturing and dealing of asbestos and its by-products (not including asbestos removal)
- Import and industrial use of restricted chemicals
- Import of automatic cigarette vending machines
- Letter post (exclusive to Bahrain Post)

MoICT maintains a small list of business activities that are restricted to Bahraini ownership. These include: press and publications, Islamic pilgrimage, clearance offices, workforce agencies, fisheries, and dredging or oil exploration. The U.S.-Bahrain FTA outlines all activities in which the two countries restrict foreign ownership.

Trade Financing

For additional information on this topic, including content of relevance to U.S. investments, please visit Department of State [Investment Climate Statements](#).

Methods of Payment

The most common method of ensuring payment to exporters is via letter of credit (L/C). 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). L/Cs offer certain advantages to the seller, namely they make payment dependent on the creditworthiness of the opening (issuing) bank rather than the buyer. For the buyer, an L/C helps ensure all 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.

For more information about the methods of payment or other trade finance options, please read the Trade Finance Guide available at <https://www.trade.gov/trade-finance-guide-quick-reference-us-exporters>.

Banking Systems

The banking sector in Bahrain includes both conventional and Islamic lenders and there is some crossover between the two as reflected by recent mergers and equity purchases.

Bahrain is one of the primary financial hubs in the Middle East, though it faces steep competition from the United Arab Emirates (mainly Dubai). International financial institutions operate in Bahrain without impediments. The Central Bank of Bahrain regulates the banking and insurance sectors. Legal, regulatory, and accounting systems in the financial sector (onshore and offshore) are transparent and consistent with international norms.

The Bahrain government, through its Economic Development Board, is investing heavily in the financial technology sector. In 2017, it launched “Bahrain FinTech Bay,” the largest FinTech hub in the Middle East and Africa, to help solidify its position as a financial hub in the region.

Foreign Exchange Controls

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

U.S. Banks and Local Correspondent Banks

U.S. banks operating in Bahrain include:

- American Express, which maintains its Middle East Headquarters in Bahrain:

AMEX
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: +973-1755-7777, +973-1755-7755

- Citibank, which operates as a full commercial bank, offshore banking unit, representative office, and as an Islamic-banking subsidiary:

Citibank
P.O. Box 548 Manama, Kingdom of Bahrain
Tel: +973-1758-8588, Fax: +973-1758-8595

- J.P. Morgan Chase, which operates as an offshore bank:

J.P. Morgan Chase
P.O. Box 368 Manama
Kingdom of Bahrain
Tel: +973-1753-5388, Fax: +973-1753-5135

Protecting Intellectual Property

In any foreign market companies should consider several general principles for effective protection of their intellectual property. For background, link to our article on [Protecting Intellectual Property](#) and [Stopfakes.gov](#) or contact ITA's Office of Intellectual Property Rights Director, Stevan Mitchell at Stevan.Mitchell@trade.gov.

Under the U.S.-Bahrain FTA, the Bahrain government committed to enforce world-class intellectual property rights (IPR) protections. The Bahrain government has signed the Berne Convention for the Protection of Literary and Artistic Works and the Paris Convention for the Protection of Industrial Property. The Bahrain government ratified revised legislation to implement Bahrain's obligations under the WTO/TRIPS Agreement in 2006. The Bahraini government has joined the World Intellectual Property Organization (WIPO) Copyright Treaty and the WIPO Performances and Phonograms Treaty and was ranked as the 65th most competitive country on the World Economic Forum's 2019 Global Competitiveness Index. The Bahrain government has also passed laws designed to bring Bahrain's local legislative framework into compliance with its Paris Convention commitments.

Intellectual property rights in Bahrain are protected under the following national laws:

- Trademarks Law No. 11 of 2006
- Patents and Utility Models Law No. 1 of 2004, as amended by Law 14 of 2006
- Industrial Design Law No. 6 of 2006
- Designs of Integrated Circuits Law No. 5 of 2006
- Copyright and Neighboring Rights Law No. 22 of 2006
- Trade Secrets Law No. 7 of 2003, as amended by Law No. 35 of 2005

The Bahrain government has made progress in reducing copyright piracy. The government's copyright enforcement campaign began in late 1997 and was based on inspections, closures, and improved public awareness. The campaign targeted the video, audio, and software industries with impressive results. Most commercially pirated video and audio markets have been eliminated. However, audio, video, and software piracy by end-users remains a problem.

For additional information about treaty obligations and points of contact at local IP offices, please see WIPO's country profiles at www.wipo.int

Several general principles are important for effective management of intellectual property rights in Bahrain:

- First, it is important to have an overall strategy to protect your IPR.
- Second, IPR may be protected differently in Bahrain than in the United States.
- Third, rights must be registered and enforced in Bahrain, under local laws.

Your U.S. trademark and patent registrations will not protect you in Bahrain. There is no such thing as an "international copyright" that will automatically protect an author's writings throughout the entire world. Protection against unauthorized use in a particular country depends, basically, on the national laws of that country. Companies should therefore consider how to obtain patent and trademark protection before introducing products or services to the Bahrain market. It is vital that companies understand that intellectual property is primarily a private right and that

the U.S. government cannot enforce rights for private individuals in Bahrain. It is the responsibility of the rights holders to register, protect, and defend their rights where relevant, retaining their own counsel and advisors. Companies may wish to seek advice from local attorneys or intellectual property consultants who are experts in Bahraini law. The U.S. Commercial Service can provide a list of local lawyers upon request.

There are no specialized IPR courts in Bahrain. However, various administrative and judicial methods protect and enforce rights of intellectual property holders. Intellectual property rights holders may file a petition with the court to stop or prevent infringement. Infringers found guilty by the court are punishable by fine and/or imprisonment, and any counterfeit goods identified will be seized and destroyed.

While the U.S. government stands ready to assist, little can be done if the rights holders have not taken the fundamental steps necessary to secure and enforce their intellectual property in a timely fashion. Moreover, in many countries, rights holders who delay enforcing their rights on a mistaken belief that the USG can provide a political resolution to a legal problem may find that their rights have been eroded or abrogated due to legal doctrines such as statutes of limitations, laches, estoppel, or unreasonable delay in prosecuting a lawsuit. In no instance should U.S. government advice be seen as a substitute for the responsibility of a rights holder to pursue its case promptly.

It is always advisable to conduct due diligence on potential partners. A good partner is an important ally in protecting IPR. Consider carefully, however, whether to permit your partner to register your IPR on your behalf. Doing so may create a risk that your partner will list itself as the IPR owner and fail to transfer the rights should the partnership end. Keep an eye on your cost structure and reduce the margins (and the incentive) of would-be bad actors. Work with legal counsel familiar with Bahrain laws to create a solid contract that includes non-compete clauses and confidentiality/non-disclosure provisions.

Small and medium-sized enterprises, which constitute the majority of businesses in Bahrain's economy, should work together with trade associations and organizations to support efforts to protect IPR and prevent counterfeiting. Principal organizations, in both Bahrain and the United States, include:

- U.S. Chamber of Commerce (www.uschamber.com)
- American Chamber of Commerce in Bahrain (www.amchambahrain.org)
- National Association of Manufacturers (www.nam.org)
- International Intellectual Property Alliance (www.iipa.org)
- International Trademark Association (www.inta.org)
- The Coalition Against Counterfeiting and Piracy (www.acacap.org)
- International Anti-Counterfeiting Coalition (www.iacc.org)
- Pharmaceutical Research and Manufacturers of America (www.phrma.org)
- Biotechnology Industry Organization (www.bio.org)
- American Anti-Piracy Alliance (www.aaa.co.ae).

Selling to the Public Sector

Selling to the Government

Many governments finance public works projects through borrowing from multilateral development banks. Please refer to “*Project Financing*” Section in “*Trade and Project Financing*” for more information.

In October 2002, Bahrain implemented a government procurement law to establish the basic framework for a transparent, rules-based government procurement system. The law requires certain procurements to be conducted as

international public tenders open to foreign suppliers. The law established a tender board to oversee all government tenders and purchases.

All major civilian projects and government acquisitions valued at BD 10,000 (\$26,667) or more are posted on the website of Bahrain's Tender Board, www.tenderboard.gov.bh. 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 its website, and in local media. Tender opportunities are published in English and Arabic. Contracts are generally, but not necessarily, awarded to the lowest bidder.

Bahrain government procurement contracts are subject to the requirements of the U.S.-Bahrain FTA. The FTA, however, does not govern military procurement and other procurements deemed a matter of Bahrain's national security. For government sales, except where an agent is not permitted (e.g., sales to the Bahrain Defence Force or Ministry of Interior), it is generally advisable to have a local agent serve as a point-of-contact, provide advice on tender preparation, and act as "eyes and ears" on the ground. Bidders must meet the specifications set out in the tender and offer a competitive price to be successful. A local agent can provide valuable advice on pricing, timing, and key contacts.

The Bahrain government is not a signatory to the OECD Convention on Combating Bribery.

For GCC Development Plan-funded projects, Bahrain must honor financial agreements with the GCC country funding the project. Although tenders for these programs often are issued by the Bahrain Tender Board, they may be subject to tendering rules of the GCC country funding the project. U.S. companies should carefully research tenders they pursue to determine whether the project is subject to GCC Development Plan funding requirements.

In addition to several key oil and gas projects the Bahrain government offers a variety of business opportunities, mainly in real estate and housing, power and renewable energy, transport and public works and manufacturing. In 2018, the Bahrain government hosted its first Gateway Gulf Investor Forum to showcase major projects open for investment. Due to the COVID-19 pandemic, the Bahrain government postponed indefinitely the 2020 Gateway Gulf Investor Forum.

U.S. companies bidding on Government tenders may also qualify for U.S. Government advocacy. A unit of the U.S. Commerce Department's International Trade Administration, the Advocacy Center coordinates U.S. Government interagency advocacy efforts on behalf of U.S. exporters bidding on public sector contracts with international governments and government agencies. The Advocacy Center works closely with our network of the U.S. Commercial Service worldwide and inter-agency partners to ensure that exporters of U.S. products and services have the best possible chance of winning government contracts. Advocacy assistance can take many forms but often involves the U.S. Embassy or other U.S. Government agencies expressing support for the U.S. bidders directly to the foreign government. Consult [Advocacy Center](#) for Foreign Government Contracts and for additional information.

Financing of Projects

Bahrain's onshore and offshore banks have extensive experience providing syndicated loans for larger risk projects, including major infrastructure investments. The Bahrain Development Bank (BDB) promotes industrial development in Bahrain. The BDB also lends funds for local projects it deems to be priorities. BDB funding is not restricted to Bahraini-owned companies. BDB funds are allocated on market terms and available to foreign investors. Credit terms are variable, but usually limited to ten years with a maximum grace period of two years.

Business Travel

Business Customs

Frequent personal contact is the key to doing business successfully in Bahrain. Visiting business professionals should be prepared to spend a portion of any business meeting socializing and getting to know their counterparts. Most visitors to Bahrain should build flexibility into their schedules because some appointments may not be scheduled until the visitors have already arrived in Bahrain. Appointments may be double-booked or scheduled on short notice.

A visitor should arrive on time for his meeting, particularly for a government appointment. Once the meeting begins, it may be interrupted by telephone calls or office visits. Coffee, tea, or soft drinks are commonly offered (except during the Muslim holy month of Ramadan), and should be accepted. Alcohol is generally not acceptable in meetings or most public settings and is strictly prohibited during Ramadan. Restaurants and liquor shops suspend the sale of alcohol during this month. Politeness is highly valued; blunt statements should be recast into constructive, balanced terms.

The majority of local businesspeople and government officials wear local attire - a white dress (thobe) for men with a fabric headdress including a scarf (ghatrah) and a headband (egal), and a black dress (abaya) and headcovering (hijab) for women. However, expatriates typically wear business attire similar to that of the United States.

Business cards are usually exchanged during the first meeting. Visiting business officials should have their business cards ready to hand out at the beginning of the meeting.

Devout Muslims pray five times daily. Visitors should be sensitive to hosts who break off a discussion for prayer.

Many Bahrain government and business officials have attended school in the UK or United States and are knowledgeable about Western business customs. Particularly with Western-educated officials, there is little that a visiting businessperson might find different from home. English is widely spoken.

Most Bahrain government offices operate Sunday through Thursday, and many companies also are open half-days on Saturdays. Most commercial banks are open Sunday through Thursday.

Travel Advisory

The crime rate in Bahrain is low and violent crimes are rare. However, burglary, petty theft, and robberies do occur. Visiting U.S. citizens should take the same security precautions in Bahrain as they would practice in the United States. There are occasional civil disturbances in various parts of the country. The U.S. Embassy advises American citizens to avoid protests or large gatherings in the streets.

Americans in Bahrain, as elsewhere, should enroll to receive alerts at step.state.gov, and should maintain a high level of security awareness while following their daily business or social routines, due to the global threat of terrorism. For the latest travel advisories, please visit the U.S. Embassy Manama's website at bh.usembassy.gov or the Department of State's Bahrain Country Specific Information page: travel.state.gov/content/passports/en/country/bahrain.html

Visa Requirements

American citizens traveling to Bahrain can review visa eligibility requirements at www.evisa.gov.bh and complete the application process for several types of visas on that website.

American citizens may apply for one of several visa types. For updates on travel restrictions related to COVID-19, please visit the Embassy's COVID-19 information page: bh.usembassy.gov/covid-19-information/.

In general, the Bahrain government of Bahrain offers the following visas for:

- The two-week, single-entry visa can be obtained upon arrival at Bahrain International Airport. It costs BD 9 (about \$24). It can be extended at the Nationality, Passports and Residence Administration in Bahrain by paying an additional fee.
- The one-month multiple-entry visa can be obtained upon arrival at Bahrain International Airport. It costs BD 25 (about \$67) and can be extended at the Nationality, Passports and Residence Administration in Bahrain by paying an additional fee.
- The one-month multiple-entry e-visa costs BD 29 (about \$77). It is valid for one month from the time of approval and authorizes a stay of up to 30 days.
- The two-week multiple-entry business visa is valid for one month. It can be obtained at the Embassy of the Kingdom of Bahrain in Washington, D.C. It must be used within one month of approval and is valid for one month from the time of entry. The maximum length of stay allowed is two weeks. It can be extended one time for 14 days through the Nationality, Passports and Residence Affairs office in Bahrain by paying an additional fee.
- The one-month multiple-entry tourism visa is valid for three months. It can be obtained upon arrival at Bahrain International Airport and costs BD 25 (about \$67). This visa can be extended one time for 14 days through the Nationality, Passports and Residence Affairs office in Bahrain by paying an additional fee.
- The five-year multiple re-entry visa (RV) can be obtained at the Embassy of the Kingdom of Bahrain in Washington, D.C. The visa can be used for multiple entries during this period. It permits a maximum 90 days stay in Bahrain, per visit. The visa can be extended one time for 14 days at through the Nationality, Passports and Residence Affairs office in Bahrain by paying an additional fee. In the fall of 2020, the validity of the five-year multiple entry visa is expected to increase to ten years for U.S. citizens.

It is important to note that your U.S. passport must be valid for at least six months after your arrival in order to be granted admission into Bahrain.

For more details, please visit www.evisa.gov.bh. U.S. citizens may pay for their visas using a variety of currencies, including U.S. Dollars, Bahraini Dinars, Euros, and British Pounds.

Of note, having an Israeli entry stamp in a passport does not preclude a person from obtaining a Bahraini visitor visa, nor from entering Bahrain.

U.S. companies that require travel of foreign businesspersons to the United States are advised that security evaluations are handled via an interagency process. For more information, visa applicants should go to the following link: [State Department Visa Website](#)

Non-Bahraini nationals, wishing to live and work legally in Bahrain, will need to apply for a work visa and residency permit from the Labor Market Regulatory Authority (www.lmra.bh) and Nationality, Passport, and Residence Affairs (www.npra.gov.bh).

For further details about visas for Bahrain, please contact the Embassy of the Kingdom of Bahrain:

Embassy of the Kingdom of Bahrain
3502 International Dr., NW

Washington, D.C. 20008

Email: ambsecretary@bahrainembassy.org

Phone: +1-202-342-1111

Website: www.mofa.gov.bh/Default.aspx?tabid=7702&language=en-US

Currency

Bahrain's currency is called the Bahraini Dinar (BD). Businesses will often accept multiple currencies as payment, among them Saudi Riyals and Emirati Dirhams.

The BD is divided into 1000 fils, and is available in the following denominations: 5 fils, 10 fils, 25 fils, 50 fils, 100 fils, 500 fils, 1 BD, 5 BD, 10 BD and 20 BD.

The exchange rate of BD with the US Dollar is fixed at 1 BD = US\$ 2.66. Money can be conveniently exchanged at any commercial bank or moneychanger.

Most businesses accept international credit and debit cards. Visa and MasterCard are the most widely accepted credit cards and are the most commonly issued cards by banks in Bahrain. Charge cards such as those issued by American Express, CrediMax and Diners Club are also available in the Gulf region and are fairly widely accepted, although less so than the major credit cards, mainly because of the higher commission charged to the supplier of the goods or services.

Withdrawals of cash from an overseas account can be made using an international network such as Visa or MasterCard. It is also possible to withdraw cash using a credit card, although this generally incurs high charges.

Visitors can withdraw cash from ATMs in Bahrain using all major credit and charge cards. Customers must present **a credit card as a form of guaranteed payment when renting a car or booking a hotel.**

Telecommunications/Electronics

The state-owned Bahrain Telecommunications Company (Batelco) operates a modern and efficient telecommunications network. Mobile (GSM) phones are widely used. Roaming arrangements cover the GCC, U.S., and European Union countries. Three local companies, Batelco, STC and Zain, operate mobile phone networks and provide internet services.

U.S. Executive Order 13873 bars U.S. companies from using telecommunications equipment or services of any firm posing a national security risk. For further information regarding security of 5G technology can be found here: <https://share.america.gov/why-is-america-concerned-about-5g/>

Accessibility to a free WIFI connection is available in most hotels in Bahrain. Bahrain uses electricity voltage of 220-**240 Volts (the U.S uses 110-120 Volts) and the primary socket is type G - British BS-1363.**

Transportation

Bahrain's only public airport, Bahrain International Airport (airport code: BAH), is a regional hub for Bahrain's national carrier, Gulf Air. Several international airlines service Bahrain and the United States via connections through the Gulf region or Europe. The Bahrain government is developing a new passenger terminal at Bahrain International Airport. The project is part of the Airport Modernization Program, a comprehensive development plan designed to improve the infrastructure and services at the airport to cater to future aviation needs. Bahrain has a well-developed road network with well-lit, multi-lane highways. The Bahrain government is implementing a transportation master plan to improve the road transportation network with new highways, bridges and overpasses. Most major roads have three to six lanes and are well maintained. In older parts of the country, however, some streets are unpaved or are in poor condition.

Bahrain and Saudi Arabia are connected by the 25-km (16-mile) King Fahd Causeway, which opened in November 1986 and was closed to routine passenger traffic in March 2020 due to the COVID-19 pandemic, but is expected to reopen in January 2021. The Bahrain government has announced plans to build a second causeway to Saudi Arabia. When complete, this causeway also will include two rail links (one for passengers and one for cargo) as part of the planned GCC railway network.

Drivers in Bahrain should exercise extreme caution. Accidents are common. Local drivers often flout traffic regulations and police often do not enforce the traffic rules. Speed cameras and radar have been installed at some intersections. Driving on weekend nights can be particularly hazardous. Bahrain has a zero-tolerance policy for drunk driving. Traffic congestion is common in Manama, exacerbated by ongoing construction projects and weekend traffic from neighboring countries.

The Bahrain government is expanding public transportation options in an effort to decrease traffic congestion. Over 141 public buses cover 27 routes in all regions of the island. Usually they are reliable and quite cheap. Taxis are more expensive than buses, however they are air-conditioned and serve more places than the public transportation system offers. Passenger boats connect Bahrain with the Hawar and Al Dar islands.

Language

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 other South Asian languages also are common.

Health

Sanitary standards for food and water are generally quite good, particularly at major hotels. The Government inspects restaurants to maintain hygienic standards.

Bahrain has a modern healthcare system. There is a BD 7 (about \$19) fee for expatriates who visit an emergency clinic in a government hospital. The Department of State strongly urges U.S. citizens to consult with their medical insurance companies prior to traveling abroad to confirm whether their policies provide coverage overseas and if they cover emergency expenses such as medical evacuation. Few hospitals and clinics accept U.S. insurance, and patients often must pay up front for service and seek reimbursement later from their insurance providers.

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

Information on vaccinations and other health precautions, such as safe food and water precautions and insect bite protection, may be obtained from the Centers for 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 www.cdc.gov/travel. For information about outbreaks of infectious diseases abroad, consult the World Health Organization's website at www.who.int.

Local Time, Business Hours and Holidays

Local time: Bahrain is three hours ahead of Greenwich Mean Time and seven hours ahead of Eastern Daylight Time. Bahrain does not observe daylight savings time and therefore is eight hours ahead of Eastern Standard Time during winter months.

Business hours: Sunday through Thursday is the normal workweek in Bahrain. Government offices are generally 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 4 p.m. Larger companies operate seven days a week but may have reduced hours on weekends.

Bahrain's numerous shopping malls are open late, often to 10 p.m. on weekdays and past midnight on weekends.

Ramadan

Ramadan (April 23– May 23, 2020) is the holiest month of the Islamic Calendar. Muslims fast 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 for dine-in during daylight hours but do deliver, and 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 2021

- January 3, New Year's Day
- May 2, Labor Day
- *May 12-13, Eid Al Fitar
- *July 18-22, Eid Al Adha
- * August 8-9, Hijra Day (Muslim New Year)
- * August 17-19, Ashura
- * October 18-19, Prophet's Birthday
- December 16-17, National 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 officials at the U.S. Embassy in Bahrain should schedule their appointments prior to departure from the United States. The U.S. Embassy Manama Commercial Section may be reached by e-mail at ManamaCommercial@state.gov. The U.S. Embassy may observe U.S. and Bahraini public holidays.

Temporary Entry of Materials or Personal Belongings

The Bahrain International Airport has no restrictions on the temporary entry of personal electronic devices such as laptops, software, or exhibit materials. Religious propaganda and potentially offensive printed materials, CDs, videos or films, should not be brought into the country. Strict copyright laws are enforced in Bahrain, and any pirated video and audio tapes, or illegal computer software, will be confiscated. A list of goods prohibited from entry into Bahrain can be found on the Bahrain Customs Affairs website at www.bahraincustoms.gov.bh.

Passengers are required to declare cash, or any other financial instrument exceeding BD 10,000 (approximately \$26,600). There is no restriction on the amount of cash that passengers may carry. Any declaration requirement is for monitoring and statistical purposes. For additional information, please visit the Civil Aviation Authority and Bahrain International Airport's website at www.bahrainairport.com/en/prepare-documents/customs-rules.html

Investment Climate Statement (ICS)

The U.S. Department of State's Investment Climate Statements provide information on the business climates of more than 170 economies and are prepared by economic officers stationed in embassies and posts around the world. They analyze a variety of economies that are or could be markets for U.S. businesses.

Topics include Openness to Investment, Legal and Regulatory systems, Dispute Resolution, Intellectual Property Rights, Transparency, Performance Requirements, State-Owned Enterprises, Responsible Business Conduct, and Corruption.

These statements highlight persistent barriers to further U.S. investment. Addressing these barriers would expand high-quality, private sector-led investment in infrastructure, further women's economic empowerment, and facilitate a healthy business environment for the digital economy. To access the ICS, visit the U.S. Department of State's [Investment Climate Statement](https://www.state.gov/reports/2020-investment-climate-statements/) website.

Key link: <https://www.state.gov/reports/2020-investment-climate-statements/bahrain/>

Political Environment

For background information on the political and economic environment of Bahrain, please read U.S. Department of State Background Notes at <https://www.state.gov/countries-areas/bahrain/>.