

# BAHRAIN

## TRADE SUMMARY

U.S. goods exports in 2014 were \$1.1 billion, up 4.2 percent from the previous year. Bahrain is currently the 80th largest export market for U.S. goods. Corresponding U.S. imports from Bahrain were \$965 million, up 51.9 percent. The U.S. goods trade surplus with Bahrain was \$95 million in 2014, a decrease of \$287 million from 2013.

The stock of U.S. foreign direct investment (FDI) in Bahrain was \$635 million in 2013 (latest data available), down from \$715 million in 2012.

### **The United States-Bahrain Free Trade Agreement**

Upon entry into force of the United States-Bahrain Free Trade Agreement (FTA) in August 2006, 100 percent of bilateral trade in consumer and industrial products and most agricultural products became duty-free immediately. Bahrain is scheduled to phase out tariffs on the few remaining agricultural product lines by 2015. Textiles and apparel are duty free, providing opportunities for U.S. and Bahraini fiber, yarn, fabric and apparel manufacturing. Generally, to benefit from preferential tariffs under the FTA, textiles and apparel must be made from either U.S. or Bahraini yarn and fabric. The FTA provides a 10-year transitional period for textiles and apparel that do not meet these requirements in order to assist U.S. and Bahraini producers in developing and expanding business contacts. This provision will expire on July 31, 2016.

## TECHNICAL BARRIERS TO TRADE / SANITARY AND PHYTOSANITARY BARRIERS

### **Technical Barriers to Trade**

In December 2013, the six Member States of the Gulf Cooperation Council (GCC), working through the Gulf Standards Organization, issued regulations on the GCC Regional Conformity Assessment Scheme and GCC “G” Mark in an effort to “unify conformity marking and facilitate the control process of the common market for the GCC Members, and to clarify requirements of manufacturers.” U.S. and GCC officials are discussing concerns about consistency of interpretation and implementation of these regulations across all six GCC Member States, as well as the relationship between national conformity assessment requirements and the GCC regulations, with a view to avoiding unnecessary duplication.

### **Sanitary and Phytosanitary Barriers**

GCC Member States have notified the WTO Committee on Sanitary and Phytosanitary (SPS) Measures of their intention to implement a new “GCC Guide for Control on Imported Foods” by June 2015. As currently drafted, stakeholders have raised concerns that the requirements outlined in the Guide will impede trade beyond the extent necessary to protect human or animal health. The requirements also will impose burdensome and disproportionate demands regarding requirements for certification or forms of recognition or acceptance of foreign food safety systems. The Guide as currently drafted does not provide scientific justification for requiring exporting government officials to certify and attest to statements that are inconsistent with guidelines established by the Codex Alimentarius and the World Organization for Animal Health. The United States has raised specific concerns about the Guide and has requested that GCC Member States delay entry into force of the Guide until food safety experts have an opportunity to discuss these concerns.

## **GOVERNMENT PROCUREMENT**

Chaired by the Minister of Housing, the Tender Board oversees all tenders and purchases with a value of BD 10,000 (\$26,525) or more. The Tender Board plays an important role in ensuring a transparent bidding process, which Bahrain recognizes is vital to attracting foreign investment. The FTA requires covered entities in Bahrain to conduct procurements covered by the agreement in a fair, transparent and nondiscriminatory manner.

In 2011, four other GCC Member States announced they would establish a \$10 billion fund over a 10 year period to promote development in Bahrain. This fund is geared toward infrastructure projects in Bahrain, with donor countries overseeing use of the fund. In 2013, a U.S. company faced prolonged and detrimental issues with the tendering process related to a GCC-funded project.

Bahrain is an observer to the WTO Committee on Government Procurement, but it is not a signatory to the WTO Agreement on Government Procurement.

## **INTELLECTUAL PROPERTY RIGHTS PROTECTION**

Bahrain was not listed in the 2014 Special 301 Report. As part of its FTA obligations, Bahrain passed several key laws to improve protection and enforcement for copyrights, trademarks and patents. Bahrain's record on IPR protection and enforcement continues to be mixed. Over the past several years, Bahrain has launched several campaigns to combat piracy of cable and satellite TV by blocking illegal signals and prohibiting the sale of decoding devices, and has launched several public awareness campaigns regarding IPR piracy. However, many counterfeit consumer goods continue to be sold openly.

In 2014, Saudi Arabia, Bahrain, and Qatar approved the GCC Trademark Law. Kuwait, Oman, and the United Arab Emirates are expected to approve the law in 2015, after which implementing regulations will be issued. As the six GCC Member States explore further harmonization of their intellectual property rights (IPR) regimes, the United States will continue to engage with GCC institutions and the Member States and to provide technical cooperation on IPR policy and practice.