

LEGISLATIVE DECREE No. 11 FOR 1985 RESPECTING THE PROTECTION & SUPPORT OF
NATIONAL INDUSTRIES

Article 1

A national industrial establishment is defined as every establishment the principal object of which is to convert raw materials into fully or semi-manufactured products, to transform semi-manufactured products into fully manufactured products or mixing, assembling, packing or wrapping products using mechanical power, provided that Bahrainis and GCC nationals, being natural or corporate persons, shall have a shareholding of no less than 51% in the capital of such establishment.

Article 2

Protection is defined as the methods used for protection of national industrial products by levying customs duties on imports of products similar to national products, limiting imports thereof and such other methods.

Article 3

Subsidies are defined as grants, facilities or concessions obtained by national industrial establishments and all means are conducive to the encouragement and development of the national industry.

Article 4

The Council of Ministers shall, upon recommendation from the National Industry Protection and Support Committee, extend to national industrial establishments any general support of protection, especially the following:

1. Levying protective customs duties on imported industrial products at the rates to be determined by the Council of Ministers.
2. Restricting the import of industrial products similar to national industrial items for a specific period of time.
3. Exempting imports of capital machinery, plant and equipment required for the setting up of a factory or boosting its production capacity from customs duties.
4. Exempting raw material and semi-manufactured materials required by the establishment from customs duties, and exemption of exports from export duties.
5. Giving preference in tenders and purchases of the Government and its institutions to national industrial products even if the value thereof is in excess of their imported counter parts by a maximum of 10%, provided that such products shall meet the standard specifications as to kind and quality.

Article 5

Protection or support may be obtained in pursuance of the provision of the

foregoing Article according to the following conditions:

1. The elements of local production included in the manufacture from the date of commencing protection shall not be less than 20% in the first three years and such percentage shall rise to more than 40% after five years from this date.
2. One year shall have elapsed from the commencement of production.
3. Products of the establishment seeking protection shall be of a high standard of quality.
4. The establishments production shall meet a reasonable proportion of local consumption to be determined by the concerned authorities.
5. The establishment shall property exploit the factors of production such as raw materials, manpower and the like.
6. All the information requested by the Committee shall be provided, and the management of the establishment shall undertake to facilitate the task of experts and technical personnel designated by the Committee to verify the accuracy of the information provided and the extent of the efficiency of using the factors of production.

The following conditions shall apply to new industrial projects :

- a. Submission of economic and technical feasibility studies to be satisfactory to the Ministry of Development and Industry.
- b. Availing employment and training opportunities for Bahraini manpower.
- c. The project shall contribute to the support of industrial development, particularly as regards replacement of imports, promoting exports and using locally available factors of production.

Article 6

A Committee shall be formed by Prime Ministerial Edict under the name of National Industry Protection and Support Committee (NIPSC) consisting of representative of the Ministry of Development and Industry, Ministry of Finance and National Economy and Ministry of Commerce and Agriculture. The NIPSC's duties and terms of reference shall be set forth in the said Edict.

Article 7

An application for protection or support shall be filled with the Directorate of Industry on the form prepared for this purpose by the NIPSC.

Such application shall be referred to the NIPSC for study and verification of the details contained therein and preparing a report containing its recommendations in respect thereof.

The NIPSC shall refer its report to the Minister of Development and Industry, who shall, in turn, refer it to the Council of Ministers accompanied by a

memorandum.

An applicant shall be given notice of acceptance or rejection by a registered letter pursuant to a resolution to be issued by the Minister of Development and Industry.

Article 8

The Council of Ministers shall, upon a proposal of the Minister of Development and Industry, deprive any establishment of all or some of the privileges provided for under this Act in case of contravening its provisions or provisions of the resolutions issued for its implementation.

The establishment concerned shall be notified of the action by a registered letter pursuant to a resolution to be issued by the Minister of Development and Industry.

Article 9

Any person whose application for support, or protection has been rejected or who has been deprived of all or some of the privileges set forth in this Act, shall appeal against the resolution referred to in Paragraph 2 of the preceding Article before the High Civil Court within 30 days from the date of being notified of the said resolution.

The elapse of one year from the date of filling an application for support or protection shall be considered as a rejection of such application..

Article 10

The Minister of Development and Industry shall issue the necessary resolutions for implementing the provisions of this Act.

Article 11

The Ministers, each in his respective capacity shall implement this Act which shall come into force from the date of its publication in the Official Gazette.

Signed Isa bin Salman Al Khalifa
Amir of the State of Bahrain

Issued at Riffa Palace

on 15 Shaaban 1405, corresponding to 5 May 1985

PRIME MINISTERIAL EDICT

**PRIME MINISTERIAL EDICT NO. 21 OF 1987 WITH RESPECT TO
UNIFIED RULES FOR GIVING PRIORITY IN GOVERNMENT PURCHASES
TO NATIONAL PRODUCTS AND PRODUCTS OF A
NATIONAL ORIGIN IN THE ARAB GULF STATES CO-OPERATION COUNCIL.**

The Acting Prime Minister,

having reviewed Amiri Order No. 14 of 1987, and the resolution of the GCC Supreme Council adopted at its 7th Session in Abu Dhabi in 1986 with respect to the Common Rules for Giving Priority in Government Purchases to National Products and Products of a National Origin, and Legislative Decree No. 11 of 1985 with respect to the Protection and Support of National Industries as amended by Legislative Decree No. 16 of 1987, and upon the submission of the Minister of Finance and National Economy, and with the approval of the Council of Ministers,
HEREBY RESOLVE THE FOLLOWING :

Article 1

Ministers, public authorities, government organisations and companies in which the Government participates with not less than 51% of its share capital shall satisfy all their purchasing requirements in accordance with the rules laid down in this Edict.

Article 2

National products shall be given preference in Government purchases in terms of prices over their foreign counterparts by no less than 10% and over similar products of a national origin by not more than 5% in case a national product is not available, products of national origin shall be given preference by 10% over their foreign counterparts.

A national product shall be defined as every product which is manufactured in Bahrain and is deemed as a national product subject to the laws of the State of Bahrain. Products of a national origin are defined as such products in which the added value arising from the manufacture thereof in a GCC state is not less than 40% of their final value upon completing the manufacture thereof. Shareholdings by GCC nationals in the industrial establishment shall not be less than 51% according to the Certificate of Origin.

Article 3

- a. In case of insufficiency of national products to meet all the requirements of government departments and agencies of particular product, the said departments and agencies shall satisfy the remaining requirements from products of a national origin, than from foreign products subject to the provisions of the preceding article and to quality and delivery conditions.
- b. Prices shall be calculated for the preference purposes provided for in Article 2 of this Edict on the basis of delivery to Government stores. In

the cases where foreign products are exempted from customs duties or any other exemptions, the value thereof shall be added for the purpose of comparison.

- c. National products, products of a national origin and foreign products shall meet the specifications laid down by GCC Measurements and Specifications Organisation approved in Bahrain or with the specifications and measurements applicable in the State of Bahrain, if any. Where neither specifications are available, the international specifications shall be applicable

Article 4

Subject to the conditions of price, quality and delivery, all government departments and agencies shall secure all their purchase requirements from national products or products of a national origin including all agricultural, animal and industrial products whether in primary form or in any subsequent state of processing or manufacture.

Article 5

In preparing their contracts for supply, public works, maintenance, operation or other contracts, the government agencies shall ensure that the said contracts shall include an express provision obliging the contractor or supplier to purchase its requirements of materials or items of national products or products of national origin in accordance with the terms of Article 2 of this Edict.

Failure by a supplier or contractor to comply with the obligation referred to in the preceding paragraph shall be deemed as a breach of the fundamental obligations arising from the contract resulting in payment of a fine of 20% of the value of the purchases in addition to enforcement of the other terms and penalties under the terms of the contract and provisions of the Law.

Article 6

All government departments and agencies shall, upon contracting with consultancy firms for preparing designs and laying down general specifications and of general conditions for their projects, shall include in the forms of contracts and specifications of the required works a clause ensuring that all requirements shall be met from the available national products or products of a national origin that satisfy the intended purpose. Consultants to technical authorities in government departments shall ensure upon laying down specifications that they are compatible with the specifications of the available national products or products of a national origin.

Article 7

Government agencies contracts must contain a provision which prevent any

foreign contractor executing government projects, whether as a main contractor or sub-contractor, from establishing any manufacturing unit for meeting the projects construction requirements.

A foreign contractor must purchase all of their requirements from national products or products of a national origin, if available.

Article 8

Government agencies must provide in their notices for supplies or tenders for purchases, projects, maintenance or commissioning works and in the forms of contracts they conclude for this purpose that such notices, tenders and contracts shall be subject to the unified rules for giving priority to national products and products of a national origin.

Article 9

- a. A breach of any of the obligations set forth in ARTICLES 6 and 7 by a foreign consultant or contractor shall be deemed as a breach of one of the fundamental obligations arising from the contract, which breach shall have the consequence of enforcing the conditions and penalties relating to the breach by contracting party of its obligations in accordance with the terms of the contract and provisions of the law.
- b. Without prejudice to any other legal penalty, a contract with a supplier, contractor, undertaker or consultant may be terminated in addition to banning him from dealing with any government agency for a period of 2 years in case of committing an act of deceit or fraud by giving false information about the products, including the display trade marks of national products or products of a national origin on foreign products.

Such acts shall be reported to the country that has issued the certificate of origin in order inflict the appropriate penalties against any person committing an act of deceit or fraud and to the remaining GCC member states to take the measures they deem fit.

Article 10

The Ministers, each in his respective capacity, shall implement the provisions of this Edict which shall come into force from the date of its publication in the Official Gazette.

Signed : Hamad bin Isa Al Khalifa
Acting Prime Minister

Dated : 20 December 1987

LEGISLATIVE DECREE
LEGISLATIVE DECREE NO. 6 OF 1989
WITH RESPECT TO

PROTECTION OF INDUSTRIES OF A NATIONAL ORIGIN

We, Isa bin Salman Al Khalifa,
Amir of the State of Bahrain,

having examined the Constitution,
and Amiri Resolution No. 4 of 1975,
and Legislative Decree No. 26 of 1981 with respect to Approving the Gulf Co-
operation Council Unified Economic Agreement,

and Legislative Decree No. 6 of 1984 Governing the Organisation of Industry,
and Legislative Decree, No. 11 of 1985 with respect to the protection and
support of the National Industry as amended by Legislative Decree No. 16 of
1987

and the Resolution adopted by the Gulf Co-operation Council, Supreme Council
at its 9th Session in Manama in 1988 with respect to the Unified System for
Protection of the National Industry in the GCC Countries,

and upon the submission of the Minister of Finance and National Economy,
and with the approval of the Council of Ministers,

HEREBY DECREE THE FOLLOWING ACT :

Article 1

Product of a national origin shall be defined as such products in which the
shareholdings by GCC nationals in the industrial establishment manufacturing
them shall not be less than 51% and the added value arising from the
manufacture thereof in one GCC state or several states shall not be less than
40% of their final value upon completing the manufacture.

Article 2

Protection shall be defined as the ways and means which shall be determined by
the Arabian Gulf States Financial and Economic Co-operation Committee upon a
recommendation of the GCC National Industry Protection Committee. Such ways
and means shall include the levying of tariffs at the rates prescribed by the
Standard Rules for Protection of Industrial Products of a national origin,
whether on the quantity of the imported items or its value or both, or the
quantitative restriction on imports or banning it or any other method to be
proposed by the aforesaid National Industry Protection Committee.

Article 3

The Council of Ministers shall issue an Edict with respect to the unified
Standard Rules for Protection of Industrial Products of a National Origin.

Article 4

The Prime Minister and Ministers each in his respective capacity shall implement this Act which shall come into force as from the date of its publication in the Official Gazette.

Signed : Isa bin Salman Al Khalifa
Amir of the State of Bahrain
Dated : 19 March 1989

PRIME MINISTERIAL EDICT

PRIME MINISTERIAL EDICT NO. 8 OF 1989 WITH RESPECT TO THE UNIFIED STANDARD RULES FOR PROTECTION OF INDUSTRIAL PRODUCTS OF A NATIONAL ORIGIN OF THE GULF CO-OPERATION COUNCIL MEMBER STATES

The Prime Minister,

having examined Legislative Decree No. 6 of 1989 with respect to the Protection of the National Industry.

and Legislative Decree No. 11 of 1985 with respect to Protection and Support of National Industry as amended by Legislative Decree No. 16 of 1987,

and the Resolution adopted by the Gulf Co-operation Council Supreme Council at its 9th Session in Manama, in 1988 with respect to the Unified Standard Rules for Protection of Industrial Products of a National Origin in the GCC Countries,

and upon the submission of the Minister of Finance and National Economy and the Minister of Development and Industry

HEREBY RESOLVES THE FOLLOWING :

Article 1

DEFINITIONS

The words and phrases in this Edict shall have the specific meanings for each as shown below:

A PRODUCT OF A NATIONAL ORIGIN

A Product of a National Origin shall mean, such products in which the shareholdings by GCC Nationals in the industrial establishment manufacturing them shall not be less than 51% and the added value arising from the manufacture thereof in one GCC state or several states shall not be less than 40% of their final value upon completing the manufacture thereof.

PROTECTION

Shall include one or more of the following methods:

Protection Tariffs : Shall mean the levying of customs duties whether on the quantity of the imported items or their value or both, and in case of dumping the method shall in addition to the limitation of the imported quantity, include banning of imports or any other method to be proposed by the Protection Committee.

Protection Committee : Shall mean the Committee for the Protection of Industrial Product of a National Origin of the GCC states which shall be formed of authorised Representatives from each of the member States from the authorities concerned with Finance and Industry or any other authority designated by the concerned state.

Article 2

OBJECTIVES OF THE PROTECTION OF INDUSTRIAL PRODUCTS OF A NATIONAL ORIGIN.

The Protection of Industrial Products of a National Origin aims to realise the following:

- a. Reinforcement of the competitive capacity of the industrial products of a national origin against unfair competition from foreign industrial products such as the dumping policy and the use of bad quality products.
- b. Steering of investment and other resources towards industrial products which conform with the priorities of the local supplementary industrialisation programmes.
- c. Giving the opportunity to growing national industries to acquire expertise and the necessary technical, administrative and marketing skills to reduce production and distribution costs so as to enhance their competitive capability in the face of foreign industries which enjoy wide experience.
- d. Boosting the exploitation of resources to meet the GCC market's requirements.
- e. Encouraging and promoting trade in the field of industrial products of a national origin between the GCC member states.

Article 3

CRITERIA FOR PROTECTION OF INDUSTRIES OF A NATIONAL ORIGIN

Protection of products of a national origin shall take place subject to methods and procedures which are temporary by a nature, according to the following criteria:

- a. Protection shall not be granted to any industrial product which does not

meet a percentage of the GCC countries market requirements to be determined by the Protection Committee for each individual product according to the conditions of its manufacture and distribution.

- b. Protection shall not be granted to any industrial product of a national origin which fails to conform to the standard specifications issued by the GCC Specifications and Measurements Organisation, if any, of the local or international specifications approved and accepted by the Protection Committee.
- c. In granting protection, regard shall be had for consumers' interest and reduction of any adverse effects against them.
- d. Protection shall not be granted to any industrial product of National origin if the national capital of its manufacturing establishment is less than 51% or if the added value arising from its manufacture in one GCC state or several GCC states is less than 40% of its final value upon completing its manufacture.

Article 4

FUNCTIONS OF THE PROTECTION COMMITTEE

The Committee for Protection of Industrial Products of a National Origin in the GCC states shall carry out the following functions:

- a. Reviewing applications for protection of industrial products of a national origin submitted by the GCC states and issuing the appropriate recommendations concerning them, including the determination of the suitable period for protection should it be recommended.
- b. Controlling and following up the implementation of the protection decisions taken by the Financial and Economic Co-operation Committee in co-ordination with both the industrial Co-operation Committee and the GCC General Secretariat, especially supervising the price and quality of the protected products, the development in the utilisation of the unused production capacity during the protection period and referring its views in this regard to the GCC Financial and Economic Co-operation Committee.
- c. Studying the positive and negative effects of the protection decision and raising its views in this regard to the GCC Financial and Economic Co-operation Committee and Industrial Co-operation Committee.
- d. Recommending the cancellation of the protection resolution if the majority owners of the protected industries failed to discharge their duties specified in these rules.
- e. Suggesting the proper measures to be taken against the dumping cases.
- f. Any other functions the committee is entrusted with by the Financial and Economic Co-operation Committee in co-ordination with the Industrial Co-operation Committee.

The Protection Committee shall issue its recommendations with the unanimous agreement of the member states subject to its applicable internal organisation.

Article 5

Procedures for the protection of industries of a National Origin shall be as follows:

- a. The member states shall send the protection applications to the GCC General Secretariat to include them in the Protection Committee's draft agenda two months before its meeting. The GCC General Secretariat shall refer copies of the applications and their enclosures to the committee members five weeks before the date of the committee meetings.
- b. The Financial and Economic Co-operation Committee shall issue the protection resolutions upon the recommendation of the protection committee after the approval of the Industrial Co-operation Committee. The resolutions shall be enforced in all member states two months after the date of their issuance unless another date is determined by the resolution.

Article 6

OBLIGATIONS OF OWNERS OF INDUSTRIAL PROJECTS OF A NATIONAL ORIGIN

The owners of the Industrial Projects of a National Origin for which protection has been granted according to these rules shall be bound by the following:

- a. Any industry protected according to these rules shall not be allowed to raise the price of its protected products above the appropriate average prices.
- b. The establishment requesting protection for its products is required to permit the representatives of the authority designated by the protection committee to have access to (the establishment's site or the management site or any other location belonging thereto) all the necessary information required to perform their duties.
- c. The establishment whose products have enjoyed protection shall be bound to maintain quality standards of the protected products, according to the specifications and measurements approved and accepted by the protection Committee during the protection period and the protection Committee shall be enabled to verifying that.
- d. The establishment which enjoys protection shall seek during that period to raise productivity, reduce the cost and to abide by the conditions of the sale contracts it has entered into.

Article 7

GENERAL PROVISIONS

- a. The protection tariff percentage shall not be more than 25% of the value of the goods at the port of arrival or the value which shall be determined by the Protection Committee. In case of dumping, the Committee shall deal with each case using the appropriate protection methods.
- b. During the protection period, it should be observed that no such licences shall be issued for the manufacture of the products protected according to these rules unless the products fulfills the conditions of the product of a National Origin in addition to the economic viability and all other conditions required for the licensing.
- c. The provisions of this Edict shall not be applied to the products manufactured in the free zones which are not subject to the criteria for protection of industrial products of a national Origin.

Article 8

The Ministers, each in his respective capacity, shall implement this Edict which shall be published in the Official Gazette and come into force as from 1st April 1989.

Signed : Khalifa bin Salman Al Khalifa
Prime Minister

Dated : 19 March 1989

