



COUNTRY PROFILE BAHRAIN

Arab Business Legislative Frameworks Bahrain Profile



Shared Prosperity Dignified Life





Shared Prosperity **Dignified Life**



VISION

ESCWA, an innovative catalyst for a stable, just and flourishing Arab region

MISSION

Committed to the 2030 Agenda, ESCWA's passionate team produces innovative knowledge, fosters regional consensus and delivers transformational policy advice. Together, we work for a sustainable future for all.



Economic and Social Commission for Western Asia

Arab Business Legislative Frameworks

Bahrain Profile



UNITED NATIONS
Beirut

© 2021 United Nations

All rights reserved worldwide

Photocopies and reproductions of excerpts are allowed with proper credits.

All queries on rights and licenses, including subsidiary rights, should be addressed to the United Nations Economic and Social Commission for Western Asia (ESCWA), e-mail: publications-escwa@un.org.

The findings, interpretations and conclusions expressed in this publication are those of the authors and do not necessarily reflect the views of the United Nations or its officials or Member States.

The designations employed and the presentation of material in this publication do not imply the expression of any opinion whatsoever on the part of the United Nations concerning the legal status of any country, territory, city or area or of its authorities, or concerning the delimitation of its frontiers or boundaries.

Links contained in this publication are provided for the convenience of the reader and are correct at the time of issue. The United Nations takes no responsibility for the continued accuracy of that information or for the content of any external website.

References have, wherever possible, been verified.

Mention of commercial names and products does not imply the endorsement of the United Nations.

References to dollars (\$) are to United States dollars, unless otherwise stated.

Symbols of United Nations documents are composed of capital letters combined with figures. Mention of such a symbol indicates a reference to a United Nations document.

United Nations publication issued by ESCWA, United Nations House, Riad El Solh Square, P.O. Box: 11-8575, Beirut, Lebanon.

Website: www.unescwa.org.

Cover photo credit:

©iStock-alphaspirit

Country Profile

BAHRAIN



©iStock-photobac

Summary



The Kingdom of Bahrain is an island nation that declared its independence in 1971. Bahrain's legal system is an amalgamation of sharia, the main source of legislation, and English common law. Bahrain is governed by a centralized monarchy and a rudimentary constitution. Since 2011, the country has been facing limited political instability.

Competition



- Bahrain established **LAW NO. 31 OF 2018** on **Competition Promotion and Protection**;
- Bahrain is a **REGIONAL LEADER** in terms of **clearer legislative definitions of competition, anti-competitive agreements, and dominance**, in addition to the **ability to enforce the law**;
- However, **THERE REMAINS KEY SECTORS** that are **not liberalized** or **allow for competition intervention**, particularly **natural resources, real estate** and other sectors that involve **state companies**.

Foreign Direct Investment



- Bahrain is still in the **PROCESS OF CREATING** a **streamlined** and **unified law** to govern **FDI** into the country;
- So far, Bahrain relies on its **COMMERCIAL COMPANIES LAW**, first established with **Decree No. 21 of 2001** and updated and amended with **Law No. 50 of 2014**;
- **DESPITE THE LACK OF ANY FDI LAW**, there are **many routes for foreign investors** to **engage in commercial activities** in Bahrain, after approval from the Ministry of Industry and Commerce. However, **real estate, press and publishing, land transportation** and other sectors are **limited to Bahraini nationals** only.



Anti-Corruption



- Bahrain **DOES NOT HAVE A SINGULAR ANTI-CORRUPTION LAW**; rather, it has a **framework** and relies on its **penal code** (Law No. 15 of 1976, amended and updated over the years). The penal code specifically **criminalizes active and passive forms of bribery, abuses of power, money laundering and embezzlement**;
- Moreover, Bahrain utilizes **LAW NO. 32 OF 2010 on Financial Transparency and Legislative Decree** and **Law No. 4 of 2001** concerning the **Prohibition and Combating Money Laundering**, as part of its overarching **anti-corruption framework**;
- Bahrain has also **SIGNED AND RATIFIED** the **United Nations Convention against Corruption**;
- **GAPS** appear in terms of **poor enforcement** and holding **senior officials accountable**.

Consumer Protection



- Bahrain established **LAW NO. 35 OF 2012** on **Consumer Protection**;
- Because of that law, Bahrain is **THE ONLY GCC COUNTRY** that has **exemptions** applying to the **military, medical and health products** licensed by the **Ministry of Health**, and **freelancers' services**.

Main Headings

● Very Strong
 ● Strong
 ● Developed
 ● Moderate
 ● Basic
 ● Weak
 ● Very Weak

COMPETITION

● **DEVELOPED**

Anti-Trust and Competition Laws	● Developed
Anti-Dominance and Monopolisation Laws	● Strong
Cartels and Anti-Competitive Agreements	● Strong
Competition Enforcement Practices	● Strong
International Trade Agreements	● Developed
Liberalisation and Competition Intervention in Regulated Sectors	● Moderate
Merger Regulatory Regime	● Developed
Labor Protection	● Moderate




FOREIGN DIRECT INVESTMENT (FDI)

● **BASIC**

Banking Regulations	● Very Strong
Macroeconomic Policies	● Basic
Investment Regulatory Framework	● Basic
Incentivisation Schemes	● Basic
Bi-lateral Treaties	● Weak



ANTI-CORRUPTION		DEVELOPED
Anti-Corruption and Integrity in Public Sector	● Strong	
Anti-Bribery and Whistle Blow Laws	● Developed	
Budgeting and Public Expenditures	● Very Strong	
Digital Government	● Moderate	
Open Government and Transparency	● Moderate	
Public Procurement Standards	● Moderate	

CONSUMER PROTECTION		MODERATE
Physical Safety Regulations	● Moderate	
Protection of Consumers' Economic Interests	● Strong	
Measures Enabling Consumers to Obtain Redress	● Developed	
Promotion of Sustainable Consumption	● Basic	

Sub-categories

● Very Strong
 ● Strong
 ● Developed
 ● Moderate
 ● Basic
 ● Weak
 ● Very Weak

COMPETITION

Laws/Decrees (i.e. national legislations/regulations)	● Strong	
Definitions (i.e. legal definitions within legislation/treaties)	● Strong	
Institutions (i.e. bodies/authorities)	● Strong	
International Agreements (regional/international conventions, treaties, trade agreements)	● Developed	
Enforcement (i.e. positive or negative, such as incentives, subsidizes, sanctions, fines, prison sentences)	● Very Strong	
Exemptions	● Very Weak	
Accessibility/Transparency	● Developed	

FOREIGN DIRECT INVESTMENT (FDI)

Laws/Decrees (i.e. national legislations/regulations)	● Moderate	
Definitions (i.e. legal definitions within legislation/treaties)	● Weak	
Institutions (i.e. bodies/authorities)	● Very Strong	
International Agreements (regional/international conventions, treaties, trade agreements)	● Developed	
Enforcement (i.e. positive or negative, such as incentives, subsidizes, sanctions, fines, prison sentences)	● Weak	
Exemptions	● Very Weak	
Accessibility/Transparency	● Weak	

ANTI-CORRUPTION



Laws/Decrees (i.e. national legislations/regulations)	● Strong
Definitions (i.e. legal definitions within legislation/treaties)	● Basic
Institutions (i.e. bodies/authorities)	● Developed
International Agreements (regional/international conventions, treaties, trade agreements)	● Moderate
Enforcement (i.e. positive or negative, such as incentives, subsidizes, sanctions, fines, prison sentences)	● Strong
Exemptions	● Basic
Accessibility/Transparency	● Developed

CONSUMER PROTECTION



Laws/Decrees (i.e. national legislations/regulations)	● Moderate
Definitions (i.e. legal definitions within legislation/treaties)	● Developed
Institutions (i.e. bodies/authorities)	● Very Strong
International Agreements (regional/international conventions, treaties, trade agreements)	● Very Weak
Enforcement (i.e. positive or negative, such as incentives, subsidizes, sanctions, fines, prison sentences)	● Moderate
Exemptions	● Very Weak
Accessibility/Transparency	● Strong



