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Subject to Legal Review for Accuracy, Clarity, and Consistency
June 18, 2004

GOVERNMENT PROCUREMENT ANNEX

SECTION A : Central Level of Government Entities

Thresholds applicable to this Section (to be adjusted every two years according to the formula in Section G)*

For procurement of goods and services (to be adjusted according to the formula in Section G.2): \$175,000

For procurement of construction service (to be adjusted according to the formula in Section G.1) \$7,611,532

For the two years following the entry into force of this chapter, the thresholds for procurement of goods and services applied by the Kingdom of Bahrain procuring entities listed in this section (Section A) shall be \$200,000. At the end of the two-year period, the threshold shall be the same threshold as applied by the United States for the procurement of goods and services by the procuring entities listed in Section A. For the two years following the entry into force of this Chapter, the threshold for procurement of construction services by the Kingdom of Bahrain procuring entities listed in this section (Section A) shall be \$8,000,000. At the end of the two-year period, the threshold shall be the same threshold applied by the United States for the procurement of construction services by the procuring entities listed in Section A.

Schedule of Bahrain

1. Central Informatics Organization
2. Equestrian & horse racing club
3. General Organization for Youth and Sports
4. Ministry of Interior (Note 1)
5. Ministry of Cabinet Affairs
6. Ministry of Commerce
7. Ministry of Defense (Note 1)
8. Ministry of Education
9. Ministry of Electricity & Water
10. Ministry of Finance & National Economy
11. Ministry of Foreign Affairs (Note 2)
12. Ministry of Health
13. Ministry of Industry
14. Ministry of Information
15. Ministry of Islamic Affairs
16. Ministry of Justice
17. Ministry of Labor & Social Affairs
18. Ministry of Municipalities Affairs and Agriculture
19. Ministry of Oil
20. Ministry of State
21. Ministry of State for Foreign Affairs
22. Ministry Of State for Shura Council & Representative Council Affairs
23. Ministry of Transportation (Note 3)

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24. Ministry of Works & Housing
25. National Guard Headquarters (Note 1)
26. Public Commission for the Protection of Marine Resources,
Environment & Wildlife
27. Supreme Council for Oil
28. Survey & Land Registration Bureau
29. Tenders Board
30. Bahrain Monetary Agency (BMA)

* *All agencies subordinate to the listed entities are also covered by this chapter*

Notes to Schedule of Bahrain

1. Ministry of Interior, Ministry of Defense and National Guard Headquarters:

- a. The Chapter does not cover the procurement of the following goods due to Article [] (Essential Security):

	Approximately equivalent to:
Nuclear Ordnance	FSC 11
Space Vehicles	FSC 18
Ships, Small Craft, Pontoons and Floating Docks	FSC 19
Ship and Marine Equipment	FSC 20
Combat, Assault & Tactical Vehicles, Tracked	FSC 2350
Hand Tools	FSC 51
Measuring Tools	FSC 52
Fiber Optics Materials, Components, Assemblies, and Accessories	FSC 60
Ammunition & Nuclear Ordnance Boxes, Packages & Special Containers	FSC 8140

NB: Whether a good is included within the scope of this Note shall be determined solely according to the descriptions provided in the left column above. U.S. Federal Supply Codes are provided for reference purposes only. (For a complete listing of the United States Federal Supply Codes, to which the Bahrain categories are approximately equivalent, see <http://www.scrantonrtg.com/secrc/fsc-codes/fsc.html>.)

- b. For Bahrain, this Chapter does not cover the following services, as elaborated in the Common Classification System and the WTO system of classification – MTN.GNS/W/120, due to Article 22.2. (*For a complete listing of Common Classification System, see: <http://www.tcc.mac.doc.gov/cgi-bin/doiit.cgi?204:66:601961876:49#An1001.1b-2-B>*.):

Design, development, integration, test, evaluation, maintenance, repair, modification, rebuilding and installation of military systems and equipment (approximately equivalent to relevant parts of U.S. Product Service Codes A & J)

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- c. The procurement of goods in the following categories is not generally covered by this Chapter due to application of Article [XX] (Essential Security):

FSC 10	Weapons
FSC 12	Fire Control Equipment
FSC 13	Ammunitions and Explosives
FSC 14	Guided Missiles
FSC 15	Aircraft and Airframe Structural Components
FSC 16	Aircraft Components and Accessories
FSC 17	Aircraft Launching, Landing, and Ground Handling Equipment
FSC 19	Ships, Small Craft, Pontoons, and Floating Docks
FSC 20	Ship and Marine Equipment
FSC 28	Engines, Turbines, and Components
FSC 31	Bearings
FSC 58	Communications, Detection, and Coherent Radiation
FSC 59	Electrical and Electronic Equipment Components
FSC 70	Automatic Data Processing Equipment, Software, Supplies, and Support Equipment
FSC 95	Metal Bars, Sheets, and Shapes

2. Ministry of Foreign Affairs: Procurements of goods and services at overseas and construction contracts for chanceries abroad are not covered by this chapter.

3. Ministry of Transportation: Procurement by Civil Aviation Affairs are not covered by this chapter.

4. The conditions specified in the General Notes apply to this Section.

* *The proposed threshold levels will be modified in accordance with Section G on January 1, 2006.*

Schedule of the United States

1. American Battle Monuments Commission
2. Commission on Civil Rights
3. Commodity Futures Trading Commission
4. Consumer Product Safety Commission
5. Broadcasting Board of Governors
6. Corporation for National and Community Service
7. Department of Agriculture (*Note 1*)
8. Department of Commerce (*Note 2*)
9. Department of Defense (*Note 3*)
10. Department of Education
11. Department of Energy (*Note 4*)
12. Department of Health and Human Services
13. Department of Homeland Security (*Note 5*)

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14. Department of Housing and Urban Development
15. Department of the Interior, including the Bureau of Reclamation
16. Department of Justice
17. Department of Labor
18. Department of State
19. Department of Transportation (*Note 6*)
20. Department of the Treasury
21. Department of Veterans Affairs
22. Environmental Protection Agency
23. Equal Employment Opportunity Commission
24. Executive Office of the President
25. Export-Import Bank of the United States
26. Farm Credit Administration
27. Federal Communications Commission
28. Federal Deposit Insurance Corporation
29. Federal Housing Finance Board
30. Federal Maritime Commission
31. Federal Mediation and Conciliation Service
32. Federal Trade Commission
33. General Services Administration (*Note 7*)
34. Merit Systems Protection Board
35. National Aeronautics and Space Administration
36. National Archives and Records Administration
37. National Credit Union Administration
38. National Labor Relations Board
39. National Mediation Board
40. National Science Foundation
41. National Transportation Safety Board
42. Nuclear Regulatory Commission
43. Office of Personnel Management
44. Office of Thrift Supervision
45. Overseas Private Investment Corporation
46. Peace Corps
47. Railroad Retirement Board
48. Securities and Exchange Commission
49. Selective Service System
50. Smithsonian Institution
51. United States Agency for International Development (*Note 8*)
52. United States International Trade Commission

Notes to Schedule of the United States

1. Department of Agriculture: The procurement of agricultural goods made in furtherance of agricultural support programs or human feeding programs are not covered by this Chapter.
2. Department of Commerce: Shipbuilding activities of the U.S. National Oceanic and Atmospheric Administration (NOAA) are not covered by this Chapter.

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3. Department of Defense: The procurement of the goods listed below are not covered by this Chapter. (For complete listing of U.S. Federal Supply Classification, see www.scrantonrtg.com/secre/fsc-codes/fsc.html):
- (a)
 - FSC 11 Nuclear Ordnance
 - FSC 18 Space Vehicles
 - FSC 19 Ships, Small Craft, Pontoons, and Floating Docks (the part of this classification defined as naval vessels or major components of the hull or superstructure thereof)
 - FSC 20 Ship and Marine Equipment (the part of this classification defined as naval vessels or major components of the hull or superstructure thereof)
 - FSC 2310 Passenger Motor Vehicles (only Buses)
 - FSC 2350 Combat, Assault & Tactical Vehicles, Tracked
 - FSC 51 Hand Tools
 - FSC 52 Measuring Tools
 - FSC 60 Fiber Optics Materials, Component, Assemblies, and Accessories
 - FSC 8140 Ammunition & Nuclear Ordnance Boxes, Packages & Special Containers
 - FSC 83 Textiles, Leather, Furs, Apparel, Shoes, Tents, and Flags (all elements other than pins, needles, sewing kits, flagstuffs, flagpoles and flagstaff trucks)
 - FSC 84 Clothing, Individual Equipment, and Insignia (all elements other than Sub-class 8460 -luggage)
 - FSC 89 Subsistence (all elements other than sub-class 8975 - tobacco products)

 - (b) “Specialty metals,” defined as steels melted in steel manufacturing facilities located in the United States or its possessions, where the maximum alloy content exceeds one or more of the following limits, must be used in products purchased by the Department of Defense: (1) manganese, 1.65 percent; silicon, 0.60 percent; or copper, 0.60 percent; or which contains more than 0.25 percent of any of the following elements: aluminum, chromium, cobalt, columbium, molybdenum, nickel, titanium, tungsten or vanadium; (2) metal alloys consisting of nickel, iron-nickel and cobalt base alloys containing a total of other alloying metals (except iron) in excess of 10 per cent; (3) titanium and titanium alloys; or (4) zirconium base alloys; and

 - (c) The goods in the following FSC categories are not generally covered by this Chapter due to application of Article __ [*national security exception*]:
 - FSC 10 Weapons
 - FSC 12 Fire Control Equipment
 - FSC 13 Ammunitions and Explosives
 - FSC 14 Guided Missiles

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FSC 15	Aircraft and Airframe Structural Components
FSC 16	Aircraft Components and Accessories
FSC 17	Aircraft Launching, Landing, and Ground Handling Equipment
FSC 19	Ships, Small Craft, Pontoons, and Floating Docks
FSC 20	Ship and Marine Equipment
FSC 28	Engines, Turbines, and Components
FSC 31	Bearings
FSC 58	Communications, Detection, and Coherent Radiation
FSC 59	Electrical and Electronic Equipment Components
FSC 95	Metal Bars, Sheets, and Shapes

4. Department of Energy: National security procurements made in support of safeguarding nuclear materials or technology and entered into under the authority of the Atomic Energy Act, and oil purchases related to the Strategic Petroleum Reserve are not covered by this Chapter.
5. Department of Homeland Security:
 - (a) Procurement by the Transportation Security Administration is not covered by this Chapter.
 - (b) The national security considerations applicable to the Department of Defense are equally applicable to the U.S. Coast Guard.
6. Department of Transportation: Procurement by the Federal Aviation Administration is not covered by this Chapter.
7. General Services Administration: The procurement of the goods in the following FSC categories are not covered by this Chapter:

FSC 51	Hand Tools
FSC 52	Measuring Tools
FSC 7340	Cutlery and Flatware
8. United States Agency for International Development: Procurement for the direct purpose of providing foreign assistance is not covered by this Chapter.
9. The conditions specified in the General Notes apply to this Section.

* *The proposed threshold levels will be modified in accordance with Section G on January 1, 2006.*

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SECTION B: OTHER ENTITIES

Schedule of Bahrain

Thresholds applicable to this Section (to be adjusted every two years according to the formula in Section G)*

For goods and services:

\$250,000

For construction services (to be adjusted according to the formula in Section G.1):

\$ 9,368,478

1. Bahrain Center for Studies and Research
2. Bahrain Convention & Exhibition Bureau
3. Bahrain International Exhibition Center
4. Bahrain Training Institute
5. Council of Representatives
6. Economic Development Board
7. General Organization For Social Insurance
8. Municipalities Councils
9. National Audit Court
10. Pension fund commission
11. Radio & TV Corporation (Note 1)
12. Shura Council
13. Supreme Council for Profession Training (includes Specific Councils)
14. Telecommunication Regulatory Authority
15. The Constitutional Court
16. University of Bahrain
17. Bahrain Petroleum Co. (BAPCO)

* *All agencies subordinate to the listed entities are also covered by this chapter*

Notes to Schedule of Bahrain:

1. Radio & TV Corporation: This Chapter does not cover the acquisition, development, or production of programmed material or the procurement of broadcasting time.
2. The conditions specified in the General Notes apply to this Section.

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Schedule of the United States

Thresholds applicable to this Section (to be adjusted every two years according to the formula in Section G)*

For goods and services of List A entities (to be adjusted according to the formula in Section G.1): \$292,751

For goods and services of List B entities (to be adjusted according to the formula in Section G.2): \$538,000

For construction services of both List A and B entities (to be adjusted according to the formula in Section G.1): \$
9,368,478

List A:

1. Tennessee Valley Authority
2. Bonneville Power Administration
3. Western Area Power Administration
4. Southeastern Power Administration
5. Southwestern Power Administration
6. St. Lawrence Seaway Development Corporation

List B:

1. Rural Utilities Service (Note 1)

Notes to Schedule of the United State:

1. Rural Utilities Service:
 - (a) Waiver of federal buy national requirements imposed as conditions of funding by the Rural Utilities Service for all power generation projects (excluding restrictions on financing for telecommunications projects).
 - (b) Application of WTO Government Procurement Agreement-equivalent procurement procedures and national treatment to funded projects exceeding the thresholds specified above.
2. With respect to procurement by entities listed in this Section, this Chapter shall not apply to restrictions attached to Federal funds for airport projects.
3. The conditions specified in the General Notes apply to this Section.

* *The proposed threshold levels will be modified in accordance with Section G on January 1, 2006.*

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SECTION C: GOODS

This Chapter applies to all goods procured by the entities listed in Sections A and B, subject to Notes to Sections A and B and the General Notes. *(For complete listing of U.S. Federal Supply Classification, see www.scrantonrtg.com/secrc/fsc-codes/fsc.html.)*

Note of Bahrain:

1. The conditions specified in the General Notes apply to this Section.

Note of the United States:

2. The conditions specified in the General Notes apply to this Section.

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SECTION D: SERVICES

Schedule of Bahrain

This Chapter applies to all services procured by the entities listed in Sections A and B, subject to the Notes to Sections A and B and Bahrain's General Notes, and except for the following services:

- A. Arbitrations and conciliation services.
- B. Financial intermediation services, except investment banking, insurance services and pension services (UNSD 711) and (Investment banking services (UNSD 712).
- C. Management of Government-Owned Facilities (Administrative Facilities and Service Buildings, Airfield, Communications, Missile Facilities, Educational Buildings, Hospital Buildings, Industrial Buildings, Presidential Buildings, Warehouse Buildings, Research and Development Facilities, Other Buildings, Conservation and Development Facilities, Highways, Roads, Streets, Bridges, Dams, Electric Power Generation (EPG) Facilities, Utilities, Other Non-Building Facilities)
- D. Printing of revenue stamps, bank notes and religious material.
- E. Research and development.
- F. Public utilities
- G. Telecommunications and telecommunications network management services

Notes of Bahrain:

- 1. The conditions specified in the General Notes apply to this Section.

Schedule of the United States

This Chapter applies to all services procured by the entities listed in Sections A and B, subject to the Notes to Sections A and B and the U.S. General Notes, and except for the services in the following categories of the Common Classification System. (*For complete listing of Common Classification System, see <http://www.sice.oas.org/trade/nafta/chap-105.asp>.*)

- A. Research and Development
All classes

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D. Information Processing and Related Telecommunications Services

D304 ADP Telecommunications and Transmission Services, except for those services

classified as "enhanced or value-added services." For the purposes of this provision, the procurement of "ADP Telecommunications and Transmission Services" does not include the ownership or furnishing of facilities for the transmission of voice or data services.

D305 ADP Teleprocessing and Timesharing Services

D316 Telecommunications Network Management Services

D317 Automated News Services, Data Services or Other Information Services

D399 Other ADP and Telecommunications Services

J. Maintenance, Repair, Modification, Rebuilding and Installation of Goods/Equipment

J019 Maintenance, Repair, Modification, Rebuilding and Installation of Equipment

Related to Ships

J998 Non-nuclear Ship Repair

M. Operation of Government-Owned Facilities: All facilities operated by the Department of

Defense, Department of Energy and the National Aeronautics and Space Administration; and for all entities:

M180 Research and Development

S. Utilities: All Classes

V. Transportation, Travel and Relocation Services: All Classes except V503 Travel Agent Services

Notes of the United States:

1. All services purchased in support of military forces overseas are excluded from coverage of this Chapter.
2. The conditions specified in the General Notes apply to this Section.

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SECTION E: CONSTRUCTION SERVICES

Schedule of Bahrain

This Chapter applies to all construction services procured by the entities listed in Sections A and B, subject to the Notes to Sections A and B and Bahrain General Notes.

Notes of Bahrain

1. This Chapter does not apply to the procurement of construction services for buildings intended for religious purposes (CPC 54129).
2. This Chapter does not apply to the procurement of general construction services of civil engineering works (UNSD Code 542) by a covered entity on behalf of a non-covered entity.
3. The conditions specified in the General Notes apply to this Section.

Schedule of the United States

This Chapter applies to all construction services procured by the entities listed in Sections A and B, subject to the Notes to Sections A and B and the U.S. General Notes, and except for DREDGING construction services in the following categories of the Provisional Central Product Classification system procured by entities listed in Sections A and B. (*For complete listing of the Provisional Central Product Classification system, see <http://unstats.un.org/unsd/cr/registry/regcst.asp?Cl=9&Lg=1>*):

CPC 513	Construction Work for Civil Engineering
CPC 522	Civil Engineering Works

Notes of the United States

1. In accordance with this Chapter, buy national requirements on articles, supplies and materials acquired for use in construction-services contracts covered by this Chapter shall not apply to goods of any Party.
2. The conditions specified in the General Notes apply to this Section.

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SECTION F -- GENERAL NOTES

Schedule of the Bahrain

1. The Chapter does not apply to procurement by one Bahraini entity of good or service obtained or acquired from another Bahraini entity.

Schedule of the United States

1. This Chapter does not apply to set-asides on behalf of small and minority businesses. Set-asides include any form of preference, such as the exclusive right to provide a good or service and price preferences.
2. Except as specified otherwise in the U.S. Schedules, procurement in terms of U.S. coverage does not include non-contractual agreements or any form of government assistance, including cooperative agreements, grants, loans, equity infusions, guarantees, fiscal incentives, and governmental provision of goods and services to persons or governmental authorities not specifically covered under U.S. Schedules to this Chapter.
3. Procurement does not include the acquisition of fiscal agency or depository services, liquidation and management services for regulated financial institutions, and sale and distribution services for government debt.
4. Where a contract is to be awarded by an entity that is not listed in Section A or B, this Chapter shall not be construed to cover any good or service component of that contract.
5. This Chapter does not apply to the procurement of transportation services that form a part of, or are incidental to, a procurement contract.

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SECTION G -- THRESHOLD ADJUSTMENT FORMULA

1. With regard to the goods and services thresholds referred to in Section A the United States shall:

- (a) calculate the thresholds every two years, based on the U.S. inflation rate measured by the Producer Price Index for Finished Goods published by the U.S. Bureau of Labor Statistics, using a two-year time period from November 1, three years prior to the inflationary adjustment through October 31, a year prior to the adjustment, and using the following formula:

$$T_0 \times (1 + \Pi(i)) = T_1$$

T_0 = threshold value at base period

$\Pi(i)$ = accumulated U.S. inflation rate for the "i"th two year-period

T_1 = new threshold value; and

- (b) make subsequent adjustments using two-year periods, with each period beginning November 1, and taking effect in January of the year immediately following the end of the two-year period.

2. The thresholds for construction services in Section A and all other thresholds in Section B are conversions into U.S. dollars of the thresholds listed in the U.S. Appendix 1 to the World Trade Organization Agreement on Government Procurement, which are set out in Special Drawing Rights (SDRs) and listed below. The United States shall calculate adjustments of these thresholds based on the daily values of the U.S. dollar in terms of SDRs, using the two-year period preceding October 1 or November 1 of the year prior to the thresholds in national currency becoming effective, which will be in January, using the conversion rates published by the IMF in its monthly "International Financial Statistics":

- (a) 130,000 SDRs for goods and services for Section A entities; and
(b) 400,000 SDRs for goods and services for Section B, List B entities;

and

3. The United States shall notify Bahrain of the adjusted threshold values in December of the year before the adjusted thresholds take effect in January.

4. Bahrain shall:

- (a) convert the value of the adjusted thresholds values notified by the United States under paragraph 3 into the Bahraini Dinar based on the official conversion rate of the Bahrain Monetary Agency, using the average of the daily values of the Bahraini Dinar in terms of the U.S. dollar over the two-year period ending September 30 of the year in which the United States notifies the adjusted thresholds; and

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- (b) promptly notify the United States of the value in Bahraini Dinar of the adjusted thresholds.
- 5. The first adjustments shall take effect on January 1, 2006.
- 6. The Parties shall consult bilaterally if a major change in a national currency vis-à-vis the other currency were to create a significant problem with regard to the application of the Chapter.