AGREEMENT BETWEEN THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND THE GOVERNMENT OF THE KINGDOM OF BAHRAIN CONCERNING THE DEVELOPMENT OF TRADE AND INVESTMENT RELATIONS

The Government of the United States of America and the Government of the Kingdom of Bahrain (individually a "Party" and collectively the "Parties"):

1) Desiring to enhance the bonds of friendship and spirit of cooperation between the two countries;

2) Recognizing the importance of fostering an open and predictable environment for international trade and investment and economic cooperation;

3) Acknowledging the membership of the two countries in the World Trade Organization (WTO) and noting that this Agreement is without prejudice to each Party's rights and obligations under the agreements, understandings, and other instruments related to or concluded under the auspices of the WTO;

4) Recognizing the benefits to each Party resulting from increased international trade and investment, and that trade-distorting investment measures and protectionist trade barriers would deprive the Parties of such benefits;

5) Recognizing the desirability of resolving trade and investment problems as expeditiously as possible;

6) Recognizing that foreign direct investment confers net positive benefits on each Party;

7) Recognizing the essential role of private investment, both domestic and foreign,in furthering growth, creating jobs, expanding trade, improving technology and enhancing economic development;

8) Desiring to encourage and facilitate private sector contacts between the two countries;

9) Acknowledging the Treaty Between the Government of the United States of America and the Government of the State of Bahrain Concerning the Encouragement and Reciprocal Protection of Investment ("the Bilateral Investment Treaty"),signed September 29, 1999 and entered into force on May 30, 2001; and the Visa Arrangement Between the Government of Bahrain and the Government of the United States Concerning Textiles and Textile Products, effected by exchange of notes dated January 28, 1991 and September 9, 1991;

10) Recognizing the increased importance of services in their economies and in their bilateral relations;

11) Taking into account the need to eliminate non-tariff barriers in order to facilitate greater access to the markets of both countries and the mutual benefits thereof;

12) Recognizing the importance of providing adequate and effective protection and enforcement of intellectual property rights and of membership in and adherence to intellectual property rights conventions;

13) Recognizing the significance to the Parties' economic welfare of working toward the observance and promotion of internationally recognized core labor standards;

14) Recognizing the Parties' desire to ensure that trade and environmental policies are mutually supportive in furtherance of sustainable development; and

15) Considering that it would be in their mutual interest to establish a bilateral mechanism between the Parties for encouraging the liberalization of trade and investment between them.

To this end, the Parties agree as follows:

Article One.

The Parties affirm their desire to promote an attractive investment climate and expand trade in products and services consistent with the terms of this Agreement. They will take appropriate measures to encourage and facilitate the exchange of goods and services and to secure favorable conditions for long-term development and diversification of trade between the two countries.

Article Two.

The Parties shall establish a United States-Bahrain Council on Trade and Investment("the Council"), which shall be composed of representatives of both Parties. The Bahrain side will be chaired by the Ministry of Finance and National Economy, and the U.S. side will be chaired by the Office of the U.S. Trade Representative ("USTR"). Both Parties may be assisted by officials of other government entities as circumstances require. The Council will meet at least once a year and at such times as agreed by the two Parties.

Article Three.

The objectives of the Council are as follows:

1. To monitor trade and investment relations, to identify opportunities for expanding trade and investment, and to identify issues appropriate for negotiation.

2. To hold consultations on specific trade matters, and those investment matters not arising under the Bilateral Investment Treaty, of interest to the Parties.

3. To identify and work toward the removal of impediments to trade and investment flows.

4. To seek the advice of the private sector in their respective countries on matters related to the work of the Council where the Parties deem it appropriate.

Article Four.

For the purpose of further developing bilateral trade and providing for a steady increase in the exchange of products and services, the Parties shall consider whether further agreements relating to trade, taxation, intellectual property, investment, vocational training, labor, environmental issues, and other matters agreed upon by the Parties would be desirable.

Article Five.

Either Party may raise for consultation any trade matters, and those investment matters not arising under the Bilateral Investment Treaty, between the Parties. Requests for consultation shall be accompanied by a written explanation of the subject to be discussed and consultations shall be held within 30 days of the request, unless the requesting Party agrees to a later date. Each party shall endeavor to provide for an opportunity for consultations before taking actions that could affect adversely the trade or investment interests of the other Party.

Article Six.

This Agreement is without prejudice to the rights and obligations of either Party under its domestic law or under any other agreement to which either country is a party.

Article Seven.

This Agreement is effective from the date of its signature by both Parties.

Article Eight.

This Agreement shall remain in effect unless terminated by mutual consent ofthe Parties or by either Party upon six months written notice to the other Party.

IN WITNESS WHEREOF, the undersigned, being duly authorized by their respective governments, have signed this Agreement.

DONE at Washington this 18th day of June 2002, in duplicate in the English and Arabic languages, both texts being equally authentic.

FOR THE GOVERNMENT OF THE UNITED STATES OF AMERICA:

ROBERT B. ZOELLICK

UNITED STATES TRADE REPRESENTATIVE

FOR THE GOVERNMENT OF THE KINGDOM OF BAHRAIN:

ABDULLA HASSAN SAIF

MINISTER OF FINANCE AND NATIONAL ECONOMY