



6 June 2022

Bahrain

Bahrain exports not complying with GCC origin rules held up at King Fahd Causeway

The Customs Authority in the Kingdom of Saudi Arabia (KSA) has stopped clearing shipments from Bahrain that do not meet the Gulf Cooperation Council (GCC) country of origin rules from entering KSA through the King Fahd Causeway, unless import duties are paid before clearance.

This is due to the KSA Customs Authority strictly applying the verification procedures on GCC origin shipments based on the new national Rules of Origin as provided under the [Ministerial Decision No. 3852, dated 2 July 2021 \(22/11/1442 H\)](#) (Ministerial Decision).

Preferential import duty rates or import duty exemptions have historically been approved on goods that are of GCC origin if importers are able to provide Certificates of Origin from any of the GCC countries.

However, with issuance of the Ministerial Decision in July 2021, stringent requirements have been introduced to ensure that goods declared as GCC origin are also supported by an Origin Report issued by a Chartered Accountant appointed by exporters/producers from the GCC origin country (for example, Bahrain), and to be presented by the importer to the KSA Customs Authority at the time of import clearance.

Below are some of the requirements to be considered when preparing the Origin Report:

1. The Chartered Accountant issuing the Origin Report must be licensed to practice accounting and auditing in the country of origin **and** must also have a branch, partnership, network office, representative in the KSA accredited by SOCPA.
2. The Origin Report must contain the following:
 - Company details – supported with tax certificates, manufacturing licenses, customs registration numbers including the nationalization certificate issued by the competent authority in Bahrain showing the nationalization percentage of the exporter/producer for the last 26 weeks.
 - Production facility details – address of the production facility (or facilities) including documents as proof of the exporter/producer's occupation of the production facility (or facilities).
 - Product or Stock Keeping Unit (SKU) level details:
 - HS code classification of the SKU and products
 - Product description
 - Bill of Materials (BoM) level raw materials and component composition details
3. The Origin Report must be prepared in Arabic.
4. The Origin Report is only valid for a period of 6 calendar months from the date of issuance of the report.

For the purposes of determining if goods are of GCC origin, the Origin Report, in addition to other requirements, needs to validate if:

- 40% of Local Value of Content (LVC) on the Ex-Works (EXW) final product price has been met (subject to meeting the nationalization rate below – any addition/reduction to the LVC rate will depend on the nationalization rate)
- 25% of nationalization rate has been met by the producer (subject to meeting the LVC rate above – any addition/reduction to the nationalization rate will depend on the LVC rate)
- Goods do not contain components sourced from restricted entities or countries

Further details of the Origin Report can be found in the [Guideline to Procedures to Issue Origin Reports](#).

How can we assist?

KPMG are well placed to assist Bahrain producers/exporters who wish to prepare the Origin Report for export shipments to the KSA.

Please contact us if you require support.

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