Agreement between the Government of the Kingdom of Bahrain and the Government of the United Arab Emirates on the Promotion and Protection of Investment

The Government of the Kingdom of Bahrain and the Government of the United Arab Emirates, hereinafter referred to as "the Parties" or "the Contracting Parties," and individually as "a Party" or "a Contracting Party."

Bearing in mind the bonds of brotherhood, friendship, historical ties, and strategic partnership existing between the Kingdom of Bahrain and the United Arab Emirates:

and desiring to strengthen economic cooperation between them, particularly with regard to investments made by investors of one Contracting Party in the territory of the other Contracting Party, and recognizing that the mutual promotion and protection of such investments contribute to the prosperity of both Contracting Parties:

and agreeing that a stable investment framework will maximize the efficient use of economic resources and improve the standard of living in both Contracting Parties;

Recognizing that neither Contracting Party may take any discriminatory or arbitrary action against an investor of one Contracting Party in the territory of the other Contracting Party:

Have agreed as follows:

Article 1. Definitions

For the purposes of this Agreement:

1. The term "investment" means any type of asset invested by an investor of one Party in the territory of the other Party in accordance with its laws and regulations; such investments include, in particular but not exclusively, the following:

a. Capital contributed and uncapitalized, as well as any other rights, such as mortgages, pledges, and funds;

b. Companies, shares, stocks, bonds, and other forms of participation in companies;

c. Turnkey projects, management contracts, revenue-sharing arrangements, and other similar arrangements;

d. Government bonds, securities, and other forms of debt;

e. Claims relating to funds or any other performance of economic value;

f. intellectual and industrial property rights, such as copyrights, related rights, trademarks, patents, utility models, designs, industrial models, industrial designs, integrated circuits, protection of geographical indications, trade names, and the manufacture and distribution of optical discs, as they relate to investment; and

g. Rights granted by law or by contract, such as concessions, licenses, permits, and authorizations. Concessions for the exploration, extraction, and exploitation of natural resources are excluded from this Agreement.

For an asset to be considered an investment for the purposes of this Agreement, it must possess the characteristics of an investment, including the characteristics of a contribution of capital or other resources, the expectation of a profit or return, and the assumption of risk.

Any change in the form of investments does not alter their status as investments eligible for protection, provided that such a change does not conflict with the laws in force in the territory of the Contracting Party hosting those investments.

An arbitral award or any order or judgment rendered in respect of an investment shall not be considered an investment for the purposes of this Agreement.

2. The term “ICSID” means the International Centre for Settlement of Investment Disputes established pursuant to the ICSID Convention;

3. The term “ICSID Convention” means the Convention on the Settlement of Investment Disputes between States and Nationals of Other States, opened for signature in Washington, D.C., on March 18, 1965.

4. The term “Arbitral Tribunal” means the arbitral tribunal established under this Convention and agreed upon by the Parties.

5. The term “laws, regulations, rules, procedures, decisions, administrative measures, and practices” means those applied by the Parties;

6. The term “disputing parties” means the claimant and the respondent;

7. The term “disputing party” means either the claimant or the respondent;

8. The term “respondent” means the party against whom a claim is brought under this Agreement:

9. The term “New York Convention” refers to the United Nations Convention on the Recognition and Enforcement of Foreign Arbitral Awards, signed in New York on June 1, 1958.

10. The term “investor” means:

a. any natural person who is a national of a Party in accordance with its laws;

b. any legal person established or incorporated in accordance with the laws of a Party and having its seat or carrying out investment activities in the territory of that Party;

c. sovereign wealth funds and financial institutions of a Party;

d. any enterprise, or partnership, or a commercial union, joint venture, organization, or association established in accordance with the laws of either Party.

11. The term “territory” means:

a. With respect to the Kingdom of Bahrain: the territory of the Kingdom of Bahrain, including its maritime zones, airspace, seabed, and subsoil over which the Kingdom of Bahrain exercises sovereign rights and jurisdiction, in accordance with international law.

b. With respect to the United Arab Emirates: the territory of the United Arab Emirates, its territorial sea, its airspace, and the subsea areas over which the United Arab Emirates exercises jurisdiction in accordance with international law and the laws of the United Arab Emirates; including the exclusive economic zone and the islands under its jurisdiction with respect to any activity taking place in its waters, seabed, and subsoil regarding the exploration or exploitation of natural resources under its laws and international law.

Article 2. Promotion of Investments

1. Each Party shall, in accordance with its general policies regarding foreign investment, promote investments by investors of the other Party in its national territory and recognize such investments in accordance with its laws and regulations.

2. Each Party shall promote and create favorable conditions for investors of the other Party to invest in its territory.

Article 3. Protection and Treatment of Investments

1. Each Party shall accord to investments made by investors of the other Party in its territory fair and equitable treatment, as well as than full protection and security in accordance with the minimum standards of treatment of aliens under customary international law.

2. A Contracting Party shall not be deemed to be in breach of the obligation to provide fair and equitable treatment set forth in paragraph 1 (unless it adopts or maintains one or more measures that would result in:

a. denial of justice;

b. a fundamental violation of basic procedural rights during litigation;

c. unjustified arbitrary treatment;

d. discrimination based on unlawful grounds, such as gender, race, or beliefs.

Arbitrary and unjustified treatment occurs when it is clear that the treatment is not rationally linked to a legitimate objective, such as treatment based on prejudice or discrimination rather than on logic or fact.

3. Neither Contracting Party shall, in any manner, take unreasonable or discriminatory measures with the intent to impede the management, maintenance, use, enjoyment, or disposal of investments made by investors of the other Party.

4. A finding of a breach of another provision of this Agreement or any other international agreement shall not imply a breach of this Article.

Article 4. Most-Favored-Nation Treatment

1. Each Party shall accord to investors of the other Party and their investments treatment no less favorable than that which it accords, under similar circumstances to investors of any third country and their investments, with respect to the management, operation, expansion, and disposal of investments

2. The provisions of this Agreement shall not be construed as granting treatment no less favorable than that accorded to an investor of any third country, such that either Contracting Party is required to grant such treatment to investors of the other Party, any benefit, preference, or privilege arising from:

a. membership in any existing or future agreement, organization, or union of customs services or regional economic integration union of which one of the Parties is, or may become, a member; or

b. any international agreement or arrangement relating wholly or principally to taxation, or any domestic legislation relating wholly or principally to taxation.

3. For greater certainty. The treatment referred to in paragraph (1) does not include international dispute settlement procedures or mechanisms under any other international agreement.

Article 5. National Treatment

1. Each Party shall accord to investors of the other Party and their investments treatment no less favorable than that it accords, in like circumstances, to its own investors and their investments with respect to the management, operation, expansion, and disposal thereof. 2. The provisions of this Article shall not apply to government contracts, government subsidies, government loans (SMEs), guarantees, insurance, and government procurement granted to domestic small and medium-sized enterprises.

Article 6. Digital Trade

1. The Contracting Parties shall seek to enhance cooperation on issues related to digital trade, including, but not limited to, data protection, privacy, cybersecurity, intellectual property rights, consumer protection, electronic documentation and signatures, information exchange, and capacity building, and the exchange of best practices to promote, develop, and adopt digital technologies and standards.

2. The Contracting Parties shall, to the extent possible, ensure that their laws, regulations, and policies applicable to digital trade are transparent, non-discriminatory, and technologically neutral.

Article 7. Expropriation

1. Neither Party shall undertake expropriation, nationalization, or measures having an equivalent effect (hereinafter referred to as “expropriation”) against the investments of investors of the other Party, except when:

a. for purposes of public benefit;

b. on a non-discriminatory basis;

c. within the framework of legal proceedings; and

d. in exchange for fair, prompt, and effective compensation.

2. Compensation shall be equal to the fair market value of the expropriated investments at the time of the announcement of expropriation or upon the occurrence of expropriation, whichever occurs first. The fair market value shall not reflect any change in value arising as a result of the announcement of expropriation.

3. Compensation shall be paid without delay and shall include interest on the delay calculated up to the time of payment at the rate determined by the Central Bank of the Party from time to time. It shall be freely convertible into the currency of the Party to which the investor belongs, as well as into other freely usable currencies. at the market exchange rate prevailing on the date of expropriation.

4. Investors affected by expropriation shall have the right to appeal to the courts or administrative tribunals to challenge the expropriation and claim compensation for the expropriation in accordance with the principles set forth in this Article.

5. Paragraphs (1) and (2) of this Article shall in no way affect the right of a Party to enforce laws or to adopt regulatory measures or procedures that it deems necessary to protect legitimate public policy objectives in the fields of public health, education, social services, consumer protection, labor protection, human rights, safety, and the environment.

Article 8. Compensation for Losses.

1. Each Party shall grant investors of the other Party whose investments have suffered losses in its territory as a result of war, armed conflict, riots, a state of national emergency, revolution, or insurrection Treatment no less favorable—with respect to compensation or any other settlement—than that accorded to its own investors or to investors of any third country, whichever is more favorable.

2. Without prejudice to paragraph 1 of this Article, each Party shall grant investors of the other Party whose investments have suffered losses in its territory, in any of the cases referred to in paragraph 1, fair, prompt, and effective compensation for losses incurred as a result of: (a) the expropriation of their investment or part thereof by the forces or authorities of the host Party; or (b) the destruction of their investment or part thereof by the forces or authorities of the host Party, without just cause for such actions.

Article 9. Transfers

1. Each Contracting Party shall guarantee to the investors of the other Contracting Party the freedom to transfer payments relating to their investment into and out of the territory of their State without delay. Such transfers shall include the following:

a. initial capital and additional amounts to maintain or increase the investment;

b. returns on the investment;

c. proceeds from the sale of all or part of the investment or the partial or total liquidation of the investment;

d. payments made under a contract related to the investment, including a loan agreement;

e. income of employees and workers associated with the investment in their territory; and

f. payments made in accordance with Articles 7 and 8 of this Agreement.

2. Each Party shall permit investors of the other Party to make transfers relating to their investments in a freely convertible currency at the exchange rate prevailing on the date of the transfer.

3. Notwithstanding paragraphs 1 and 2, either party may delay or prevent a transfer through the fair, non-discriminatory, and good-faith application of its laws and regulations relating to:

a. bankruptcy, insolvency, or the protection of creditors' rights;

b. the issuance and trading of securities;

c. the commission of criminal offenses; or

d. Enforcement of judicial judgments and orders.

Article 10. Denial of Benefits

1. A Contracting Party may deny the benefits of this Agreement to any legal person among the investors of the other Party

or to its investments if persons affiliated with a non-Contracting Party own or control the legal person or its investments.

2. The benefits of this Agreement shall not be denied to:

a. Natural persons who are nationals of both Contracting Parties.

b. An investment that has been restructured or an investor who acquires the nationality of one of the Parties for the sole purpose of benefiting from the benefits of this Agreement.

3. A Contracting Party may deny the benefits of this Agreement to an investor of the other Contracting Party if the investor is a subsidiary of that other Party and does not have substantial investment activities in the territory of the other Party.

4. A Party intending to deny an investor of the other Party the benefits of this Agreement shall notify the other Party thereof prior to making its decision.

Article 11. Prohibition of Performance Requirements

No Party may impose on investors of the other Party, with respect to the management, conduct, or operation of their investments in its territory, any of the following performance requirements:

a. Exporting a specified quantity or a specified percentage of a good or service;

b. Linking the volume or value of imports to the volume or value of exports or to the volume of foreign exchange flows associated with that investment.

Article 12. General and Security Exceptions

1. Subject to the requirement that such measures shall not be applied by a Contracting Party in a manner that would constitute a means of arbitrary or unjustifiable discrimination or a disguised restriction on investors of the other Contracting Party and their investments in the territory of the first Contracting Party, nothing in this Agreement shall be construed as preventing the first Contracting Party from adopting or enforcing measures:

a. necessary to protect human, animal, or plant life or health;

b. to regulate the conservation of exhaustible natural resources, whether living or non-living;

c. necessary to protect public morals or to maintain public order, provided that such measures may be invoked only where there is a genuine and serious threat to a fundamental interest of society;

d. necessary to ensure compliance with laws or regulations that are not inconsistent with the provisions of this Agreement, including those relating to:

(1) the prevention of deceptive and fraudulent practices or the handling of the consequences of a breach of contract;

(2) the protection of an individual's privacy with respect to the processing and dissemination of personal data and the protection of the confidentiality of personal records and accounts; or

(3) safety; or imposed to protect national treasures of artistic, historical, or archaeological value.

2. Nothing in this Agreement shall be construed as preventing any Contracting Party from adopting or enforcing measures:

a. that it considers necessary to protect its essential security interests. including measures:

(1) taken in time of war, armed conflict, or any other emergency situation in that Contracting Party or in international relations; or

(2) relating to the implementation of national policies or international agreements concerning the non-proliferation of weapons; or

b. the implementation of its obligations under the Charter of the United Nations to maintain international peace and security.

3. Nothing in this Agreement shall be construed as requiring a Contracting Party to provide or allow access to any information the disclosure of which it considers contrary to its essential security interests.

4. In cases where a Contracting Party takes any action pursuant to paragraph 2, that is inconsistent with its obligations

under this Agreement, that Contracting Party may not use such action as a means of avoiding its obligations.

Article 13. Settlement of Investment Disputes between a Contracting Party and an Investor of the other Contracting Party

1. Any dispute that may arise between an investor of a Contracting Party and the other Contracting Party regarding an investment in the territory of that other Contracting Party shall be settled amicably, to the extent possible, through negotiations between the disputing parties.

2. Negotiations shall commence on the date on which the disputing investor of one Contracting Party requests the other Contracting Party to enter into negotiations by means of a written notice. To facilitate the amicable settlement of the dispute. The written notice shall specify the name and address of the disputing investor, the matters in dispute, the factual basis of the dispute, the disputing investor's claims (including any supporting documents), and the legal basis for the claim. Unless otherwise agreed. Consultations shall take place at least once within 90 days of the date on which the disputing investor of one Contracting Party requested negotiations with the other Contracting Party pursuant to paragraph 3.

3. If the dispute between an investor of a Contracting Party and the other Contracting Party cannot be settled within six months from the date on which such negotiations were requested by written notice, the investor shall be entitled to submit the dispute to one of the following dispute resolution mechanisms:

a. the competent court of the Contracting Party in whose territory the investment was made; or

b. The International Centre for Settlement of Investment Disputes, in accordance with the provisions in force under the Convention on the Settlement of Investment Disputes between States and Nationals of Other States, opened for signature in Washington on March 18, 1965. This applies if both contracting parties are parties to this Convention; or

c. Any other means of dispute settlement agreed upon by the disputing parties.

4. If the dispute is submitted to one of the dispute settlement mechanisms mentioned in paragraph 3(a) through (c), the investor may not submit the same dispute to any other dispute settlement mechanism listed in this paragraph.

5. The investor may not submit the dispute referred to in paragraphs 1 and 2 to arbitration pursuant to paragraph 3 if three years have elapsed from the date on which the investor first knew, or ought to have known, of the alleged breach and that he has incurred a loss or damage as a result of such breach.

Article 14. Applicable Law

1. The arbitral tribunal constituted in accordance with paragraphs 3(b) and 3(c) of Article 13 of this Agreement, shall adjudicate the dispute in accordance with the rules of law agreed upon by the disputing parties; in the absence of such agreement, the arbitral tribunal shall apply the law of the disputing Contracting Party (including rules regarding conflict of laws) and the rules of international law applicable between the parties.

2. The mutual interpretation of the contracting parties, exchanged through diplomatic channels, of any provision of this Agreement shall be binding on the body adjudicating the dispute in accordance with paragraph 3(a) of Article 13. Any decision or award issued by that body must be consistent with such interpretation.

Article 15. Venue of Arbitration Hearings

The disputing parties may agree on the venue of the arbitration hearings in accordance with paragraph 3(c) of Article 13, within the territory of the disputing Contracting Party or one of the States of the Gulf Cooperation Council.

If the disputing parties fail to reach an agreement on the venue of the arbitration hearings, the arbitral tribunal shall decide to hold its hearings in the territory of one of the Gulf Cooperation Council (GCC) states, other than the territory of the contracting parties.

Article 16. Selection of Arbitrators

1. In the event of a request for arbitration pursuant to paragraphs 3(b) and 3(c) of Article 13 of this Agreement, the arbitral tribunal shall be constituted as soon as possible after the request is filed.

2. The appointed arbitrators must have expertise in public international law, particularly international investment law. It is desirable that they have experience in the settlement of disputes arising from bilateral investment agreements.

3. The arbitrators shall be independent and impartial and shall not be affiliated with the government of any State, nor shall they have previously expressed an opinion on the dispute in a manner that would create a direct or indirect conflict of interest. They shall not accept appointment, nomination, or selection by either of the disputing parties as counsel, experts, or witnesses in any pending or new dispute concerning the protection of investments under this Agreement or any other international agreement.

Article 17. Arbitral Award

1. The arbitral award rendered by the arbitral tribunal constituted in accordance with paragraphs 3(b) and 3(c) of Article 13 of this Agreement shall be binding on the disputing parties only with respect to the subject matter of the case adjudicated therein.

2. The arbitral tribunal constituted in accordance with paragraphs 3(b) and 3(c) of Article 13 of this Agreement shall not award any punitive damages or compensation for non-pecuniary or moral damages.

3. When the arbitral tribunal constituted in accordance with paragraphs 3(b) and 3(c) of Article 13 of this Convention renders a final award against the respondent or the claimant based on a claim, counterclaim, plea, defense, or any other claim arising from this Convention, the arbitral tribunal may only rule as follows:

a. A finding of breach of this Agreement;

b. Compensation for financial damages;

c. Arbitration costs and attorneys' fees in accordance with this Agreement and the applicable arbitration rules.

4. The arbitral tribunal constituted in accordance with paragraphs 3(b) and 3(c) of Article 13 of this Agreement shall order the losing party to bear reasonable arbitration costs, including costs of legal representation and assistance. In exceptional circumstances, the arbitral tribunal may apportion the costs between the disputing parties if it determines that such apportionment is appropriate in light of the circumstances of the arbitration proceedings.

Article 18. Enforcement of the Arbitral Award

1. Subject to the provisions of paragraph 3 of this Article. Each party to the dispute shall be bound by and comply with the award issued by the arbitral tribunal constituted in accordance with paragraphs 3(b) and 3(c) of Article 3 of this Convention, and a party to the dispute may request enforcement of an arbitral award under the ICSID Convention or the New York Convention, as applicable.

2. Neither party to the dispute may request enforcement of a final arbitral award until:

a. 120 days have elapsed from the date of the announcement of the arbitral award, provided that neither party to the dispute has requested a review or annulment of the arbitral award; or

b. the conclusion of the annulment or review proceedings.

3. No interest shall accrue on the amount awarded by the arbitral award during the period in which the request for annulment or review is pending.

Article 19. Settlement of Disputes between the Contracting Parties

1. Each Contracting Party shall give due consideration and provide sufficient opportunity for consultation through diplomatic channels to settle amicably any disputes arising regarding the interpretation or implementation of this Agreement.

2. Any dispute between the contracting parties concerning the interpretation or application of this Agreement that has not been satisfactorily settled through diplomatic channels within six months from the date of submission of the request for consultation referred to in Paragraph 1, the matter must be referred to the Arbitration Panel for a decision. The Arbitration Panel shall consist of three arbitrators; each contracting party shall appoint one arbitrator within a period of sixty days from the date on which either contracting party receives a request for arbitration from the other contracting party, and the third arbitrator shall be agreed upon — the chair of the arbitration panel — by the arbitrators appointed by the parties within a further period of sixty days, provided that the third arbitrator is not a national of either contracting party.

3. If neither contracting party appoints an arbitrator within sixty days from the date of receipt of the request for arbitration, or if the third arbitrator is not agreed upon by the arbitrators appointed by the parties within the additional sixty-day period

referred to in paragraph 2, the contracting parties shall request the Secretary-General of the Permanent Court of Arbitration in The Hague to appoint such arbitrator; if the Secretary-General is a national of either contracting party or if there is any other impediment preventing him from performing that function, the Deputy Secretary-General of the Court shall be invited to make the necessary appointments. If the Deputy Secretary-General is a national of either Contracting Party or if there is any other impediment preventing him from performing that function, an official of the International Bureau of the Court who is agreed upon by the Secretary-General and the Deputy Secretary-General and who is not a national of either Contracting Party shall make the necessary appointments.

4. If the necessary appointments referred to in paragraphs 2 and 3 are not made, either Contracting Party may, unless otherwise agreed, request the Secretary-General of the Permanent Court of Arbitration at The Hague to make such appointments.

5. The arbitral tribunal shall determine its own rules of procedure after consulting with the contracting parties. The arbitral tribunal shall decide the dispute in accordance with this Convention and the rules and principles of international law, and the arbitral tribunal shall render its award within a reasonable period of time by a majority vote. This decision shall be final and binding on both contracting parties.

6. Each contracting party shall bear the costs of the arbitrator it selects and the costs of its legal representation in the arbitration proceedings. The contracting parties shall bear equally the costs of the chairperson of the arbitral tribunal in the performance of his or her duties and other arbitration costs. However, the arbitral tribunal may, at its discretion, order one of the contracting parties to bear a higher proportion or all of the costs of the arbitral tribunal.

Article 20. Scope of Application of the Agreement

1. This Agreement applies to investments made in the territory of a Contracting State in accordance with its laws and regulations by investors of the other Contracting State, whether before or after the entry into force of this Agreement; however, this Agreement does not apply to any dispute arising prior to its entry into force.

2. A mere breach of a contract between a Contracting Party and an investor of the other Contracting Party shall not be considered a breach of this Agreement.

Article 21. Application of other Provisions

1. If the treatment granted by one Contracting Party to investors of the other Contracting Party under its laws and regulations or under another international agreement binding on both Parties is more favorable than the treatment provided for in this Agreement, the more favorable treatment shall be granted.

2. Neither Party shall encourage investment in a manner that undermines or impairs public health, safety, or environmental measures.

Article 22. Amendments.

The Parties may amend this Agreement by mutual written agreement, and such amendments shall enter into force in accordance with the procedures set forth in paragraph 1 of Article 23 of this Agreement.

Article 23. Entry Into Force, Duration, and Termination of the Agreement

1 The Contracting Parties shall ratify this Agreement and notify each other in writing, through diplomatic channels.

2. This Agreement shall remain in force for a period of 10 years and shall be automatically renewed for one or more additional periods unless one of the contracting parties shall notify the other contracting party in writing of their intention not to renew at least one year prior to the expiration of the initial term or subsequent terms. With respect to investments established after the entry into force of this Agreement and before the date of its termination, the provisions of this Agreement shall remain in effect for a period of ten (10) years from the date of termination.

Article 24. General Correspondence

Correspondence regarding the implementation of this Agreement shall be addressed to:

1. For the Kingdom of Bahrain: the Ministry of Finance and National Economy, Department of International Relations.

2. For the United Arab Emirates: the Ministry of Finance, Department of International Financial Relations and Organizations.

3. A Contracting Party shall immediately notify the other Contracting Party of any change in the name of the authority referred to in paragraphs 1 and 2 of this Article.

In witness whereof, the undersigned, duly authorized, have signed this Agreement in two original copies, in the Arabic language, signed in the city of Dubai on the 11th February 2024.

On behalf of the Government of the Kingdom of Bahrain

On behalf of the Government of the United Arab Emirates