

# **AGREEMENT ON THE PROMOTION AND RECIPROCAL PROTECTION OF INVESTMENTS BETWEEN THE GOVERNMENT OF THE PEOPLE'S REPUBLIC OF BANGLADESH AND THE KINGDOM OF DENMARK**

The Government of the People's Republic of Bangladesh and The Kingdom of Denmark (hereinafter referred to as the Contracting Parties),

DESIRING to create favourable conditions for investments in both States and to intensify the cooperation among companies in both States with a view to stimulating the productive use of resources

RECOGNIZING that a fair and equitable treatment of investments on a reciprocal basis will serve this aim.

Have Agreed as follows:

## **Article 1. Definitions**

For the purposes of this Agreement:

1. The term "investment" means every kind of assets invested by an investor of one Contracting Party in the territory of the other Contracting Party in accordance with the laws and regulations of the latter and shall include in particular, but not exclusively:

- a) tangible and intangible, movable and immovable property as well as an other rights such as leases, mortgages, liens, pledges, privileges, guarantees and any other similar property rights;
- b) a company, shares, stocks or other forms of participation in a company, bonds and Claims of a company;
- c) returns reinvested, claims to money and performance pursuant to contracts having an economic value;
- d) industrial and intellectual property rights, including copyrights, patents, trade names, technology, trademarks, good will, know-how, and other similar rights,
- e) Concessions or other rights conferred by law or under contract; including concessions to search for, extract or exploit natural resources.

A change in the form in which assets are invested, does not affect their character as investments.

2. The term "returns" means the amounts yielded by an investment and includes in particular, though not exclusively, profit, interest, capital gains, dividends, royalties or fees.

3. The term "investor" means with respect to each Contracting Party:

- a) Any natural person having the citizenship, or nationality of, or who is permanently residing in each Contracting Party in accordance with its laws.
- b) Any entity established in accordance with, and recognized as a legal person by the law of that Contracting Party, such as companies, firms, associations, development finance institutions, foundations or similar entities irrespective of whether then liabilities are limited and whether or not their activities are directed at profit.

4. The term "territory" means with respect to each contracting party the area encompassed by land boundaries, as well as the sea, seabed and its subsoil beyond the territorial sea-over which the Contracting Party exercises, in accordance with its national laws and regulations and international law, sovereign rights or jurisdiction.

## **Article 2. Promotion and Protection of Investment**

1. Each Contracting Party shall admit investments by investors of the other Contracting Party in accordance with its legislation and administrative practice and encourage such investments, including facilitating the establishment of representative offices.
2. Investment objectives should be achieved without relaxing health, safety and environmental measures of general application. If the Contracting Party in whose territory the investment is made, suffers from a loss, destruction of damages with regard to its public health or life or the environment, including natural resources by the investor of the other Contracting Party, then the First Contracting Party shall be accorded adequate and effective compensation as per its laws and regulations, and if necessary as per International law, by the investor of the other Contracting Party.
3. Investments by investors of each Contracting Party shall at all times enjoy full protection and security in the territory of the other Contracting Party. Neither Contracting party shall in any way impair by unreasonable or discriminatory measures the management, maintenance, use, enjoyment or disposal of investments in its territory of investors of the other Contracting Party.
4. Each Contracting Party shall observe any obligation it may have entered into with regard to investments of investors of the other Contracting Party.

### **Article 3. Treatment of Investment**

1. Each Contracting Party shall in its territory accord to investments made by investors of the other Contracting Party fair and equitable treatment which in no case shall be less favourable than that accorded to its own investors or to investments of any third state, whichever is the more favourable from the point of view of the investor.
2. Each Contracting party shall in its territory accord to investors of the other Contracting Party, as regards their management, maintenance, use, enjoyment or disposal of their investment, fair and equitable treatment which in no case shall be less favourable than that accorded to its own investors or to investors of any third State, whichever of these standards is the more favourable from the point of view of the investor.

### **Article 4. Exceptions**

The Provisions of this Agreement relative to the granting of treatment not less favourable than that accorded to the investors of each Contracting Party or of any third State shall not be construed so as to oblige one Contracting Party to extend to the investors of the other Contracting Party the benefit of any treatment, preference or privilege resulting from:

- a) membership of any existing or future Regional Economic Integration Organisation or customs union of which one of the Contracting Parties is or may become a party, or
- b) any international agreement or arrangement relating wholly or mainly to taxation or any domestic legislation relating wholly or mainly to taxation.

### **Article 5. Expropriation and Compensation**

1. Investments of investors of each Contracting Party shall not be nationalized, expropriated, or subjected to measures, having effect equivalent nationalization or expropriation, hereinafter referred to as expropriation, in the territory of the other Contracting Party except for expropriations made in the public interest, on a basis of non-discrimination, carried out under due process of law, and against prompt, adequate and effective compensation.
2. Such compensation shall amount to the fair market value of the investment expropriated immediately before the expropriation or impending expropriation became known in such a way as to affect the value of the investment, hereinafter referred to as the "valuation date".
3. Such Compensation, in whose territory the investment is made, shall be paid promptly on the basis of the rate of exchange existing for that currency on the valuation date and include interest at a commercial rate established on a market basis. (e.g, LIBOR)...
4. The investor affected shall have a right to prompt review under the law of the Contracting Party making the expropriation, by a judicial or other competent and independent authority of that Contracting Party, of its case, of the valuation of its investment, and of the payment of compensation, in accordance with the principles set out in paragraph 1 of this Article.
5. When a Contracting Party expropriates the assets of a company or an enterprise in its territory, which is incorporated or constituted under its law, and in which investors of the other Contracting Party have an investment, the provisions of this

Article shall apply to ensure prompt, adequate and effective compensation, for those investors for any impairment or diminishment of the fair market value of such investment resulting from the expropriation.

## **Article 6. Compensation for Losses**

1 Investors of one Contracting Party whose investments in the territory of the other Contracting Party suffer losses owing to war or other armed conflict revolution, state of National Emergency, revolt, insurrection, or riot in the territory of the latter Contracting Party, shall be accorded by the latter Contracting Party treatment, as regards restitution, indemnification, compensation or other settlement, no less favourable than that which the latter Contracting Party accords to its own investors or investors of any third State whichever of these standards is the more favourable from the point of view of the investor.

2 Without prejudice to paragraph 1 of this Article, an investor of one Contracting Party who, in any of the situation referred to in that paragraph, suffers a loss in the area of the other Contracting Party resulting from:

- a) requisitioning of its investment or part thereof by the latter's forces or authorities, or
- b) destruction of its investment or part thereof by the latter's forces or authorities, which was not required by the necessity of the situation,

shall be accorded, restitution or compensation Which in either case shall be prompt, adequate and effective and shall be freely transferable.

## **Article 7. Transfer of Capital and Returns**

1. Each Contracting Party, guarantee to the investors of the other Contracting Party, free transfers of payments related to their investments including in particular though not exclusively:

- a) the initial capital or any additional capital for the maintenance and development of an investment;
- b) the invested capital or the proceeds from the sale or liquidation of all or any part of an investment;
- c) interest, dividends, profit and other returns realised;
- d) payments made for the reimbursement of the credits for investments, and interest due;
- e) payments derived from rights enumerated in paragraph 1 (d) of Article 1 of this Agreement;
- f) unspent earning and other remuneration of personnel engaged from abroad in connection with an investment;
- g) Compensation, restitution, indemnification or other settlement pursuant Article 5 and 6;
- h) Payments arising out of a settlement of dispute, according to Articles 9 and 10.

2. Transfers of payments under paragraph 1 of this Article shall be effected without delay and in a freely convertible currency.

3. Transfers shall be made at the market rate of exchange existing on the date of ^ transfer with respect to spot transaction in the currency to be transferred. In the absence of a market for foreign exchange, the rate to be used will be the men recent exchange rate applied to inward investments.

4. The provisions of the this Article do not prejudice a Contracting Party's exercise in good faith of its international obligations or of its rights and obligations by virtue of its participation or association in a free trade area, customs union, common market, economic and monetary union or any other form of regional cooperation or integration.

## **Article 8. Subrogation**

1. If one Contracting Party or its designated agency makes a payment to its own investors under a guarantee it has accorded in respect of an investment in. the territory of the other Contracting Party, the latter Contracting party shall recognize:

- a) the assignment, whether under the law or pursuant to a legal transaction, of any right or claim by the investor to the former Contracting party or to its designated agency and,
- b) that the former Contracting Party or its designated agency is entitled by virtue of subrogation to exercise the rights and

enforce the claims of that investor.

2. The rights or claims so subrogated shall not exceed the original, rights or claims of the investor.

3. Subrogations of the rights and obligations of the indemnified investor shall also apply to the transfer of payments affected in accordance with Article 7 of this Agreement.

## **Article 9. Settlement of Disputes between a Contracting Party and an Investor of the other Contracting Party**

1. Any disputes concerning an investment between a Contracting Party and an investor of the other Contracting Party shall if possible, be settled amicably.

2. If any such dispute cannot be settled amicably within six months following the date on which the dispute has been raised by the investor through written notification to the Contracting Party either Contracting Party may refer the dispute, to a competent court of the Contracting Party or to international arbitration to one of the following forums

a) The international Centre for Settlement of Investment Disputes (ICSID) for settlement by arbitration under the Washington Convention 18 March 1965 on the Settlement of Investment Disputes between States and Nationals of Other States provided both Contracting Parties are parties to the said Convention; or

b) the Additional Facility of the Centre, if the Centre is not available under the Convention; or

c) an ad hoc tribunal set up under Arbitration Rules of the United Nations Commission on International Trade Law (UNCITRAL). The appointing authority under the said Rules shall be the Secretary General of ICSID; or

d) by arbitration in accordance with the Rules of Arbitration of the International Chamber of Commerce (ICC).

3. For the purpose of this Article and Article 25(2)(b) of the said Washington Convention, any legal person, constituted in accordance with the legislation of one Contracting Party and which, before a dispute arises, was controlled by an investor of the other Contracting Party, shall be treated as a national of the other Contracting Party.

4. Any arbitration under paragraph 2 b)-d) of this Article shall, at the request of either party to the dispute, be held in a state that is a party to the United Nations Convention on the Recognition and enforcement of Foreign Arbitral Awards, done in New York, June 10, 1958.

5. The consent given by each Contracting Party and the submission of the dispute under paragraph (2) shall constitute the written consent written agreement of the parties to the dispute to its submission for settlement for the purposes of Chapter III of the Washington Convention (Jurisdiction of the Centre) and for the purpose of the Additional Facility Rules, Article 1 of the UNCITRAL Arbitration Rules, the Rules of Arbitration of the ICC and Article II of the New York Convention.

6. In any proceeding involving an investment dispute, a Contracting Party shall not assert, as a defense, counterclaim or for any other reason, that indemnification or other compensation for all or part of the alleged damages has been received pursuant to an insurance or guarantee contract.

7. Any arbitral award rendered pursuant to this Article shall be final and binding on the parties to the dispute. Each Contracting Party shall carry out without delay the provisions of any such award and provide in its territory for the enforcement of such award.

## **Article 10. Settlement of Disputes between the Contracting Parties**

1. Disputes between the Contracting Parties concerning the interpretation or application of this Agreement shall be settled as far as possible by negotiations

2. If a dispute according to paragraph-1 of this Article cannot be settled within six (6) months, it shall, upon the request of either Contracting Party, be submitted to an arbitration tribunal.

3. Such arbitration tribunal shall be constituted on ad hoc basis as follows:

Each Contracting Party shall appoint one arbitrator and these two arbitrators shall agree upon a national of a third State as their chairman to be appointed by the two Contracting Parties. Such arbitrators shall be appointed within two (2) months from the date on which one Contracting Party has informed the other Contracting Party, of its intention to submit the dispute to an arbitration tribunal and the Chairman shall be appointed within two (2) months following the appointment of the two arbitrators.

4. If the periods specified in paragraph 3 of this Article are not observed, either Contracting Party may, in the absence of any other relevant arrangement, invite the President of the International Court of Justice to make the necessary appointments. If the President of the International Court of Justice is a national of either of the Contracting Parties or if he is otherwise prevented from discharging the said function, the Vice-President or in case of his inability the member of the International Court of Justice next in seniority should be invited under the same conditions to make the necessary appointments.

5. The arbitration tribunal shall establish its own rules of procedure

6. The arbitration tribunal shall reach decision on the basis of the present Agreement and applicable rules of international law. It shall reach its decision by a majority of votes; the decision shall be final and binding.

7. Each Contracting Party shall bear the cost of its own member and of its legal representation in the arbitration proceedings. The cost of the Chairman and the remaining costs shall be borne in equal parts by both Contracting Parties. The arbitration tribunal may however, in its award determine another distribution costs.

## **Article 11. Consultations**

Each Contracting Party may propose to the other Party to consult on any matter affecting the application of this Agreement. These consultations shall be held on the proposal of one of the Contracting Parties at a place and at a time agreed upon through diplomatic channels.

## **Article 12. Applicability of this Agreement**

The provisions of this Agreement shall apply to all investments made by investors of one Contracting party in the territory of the other Contracting Party prior to or after the entry into force of the Agreement. It shall, however, not be applicable to dispute which have arisen prior to its entry into force.

## **Article 13. Amendments**

At the time of entry into force of this Agreement or at any time thereafter the provisions of this Agreement may be amended in such manner as may be agreed between the Contracting Parties. Such amendments shall enter into force when the Contracting Parties have notified each other of the constitutional requirements for the entry into force have been fulfilled.

## **Article 14. Territorial Extension**

This Agreement shall not apply to the Faroe Islands and Greenland. The provisions of this Agreement may be extended to the Faroe Islands and Greenland as may be agreed between the Contracting Parties in an Exchange of Notes.

## **Article 15. Entry Into Force**

The Contracting Parties shall notify each other when the constitutional requirements for the entry into force of this Agreement have been fulfilled. The Agreement shall enter into force thirty days after the date of the last notification.

## **Article 16. Duration and Termination**

1. This Agreement shall remain in force for a period of ten years. It shall remain in force thereafter until either Contracting Party notified in writing the other Contracting Party of its intention to terminate this Agreement. The notice of termination shall become effective one year after the date of notification.

2. In respect of investments made prior to the date of when the notice of termination of this Agreement becomes effective, the provisions of Article 1 to 12 shall remain in force for a further period of ten (10) years from that date.

In witness whereof the undersigned, duly authorised thereto by their respective states, have signed this Agreement.

Done in duplicate at English languages.

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For and on behalf of the Government of the People's Republic of Bangladesh

For and on behalf of the Government of the Kingdom of Denmark