

# **Agreement between the Government of the people's Democratic Republic of Algeria and the Government of the State of Bahrain on the promotion and protection of investments**

The Government of the People's Democratic Republic of Algeria and the Government of the State of Bahrain, hereinafter referred to as the "Contracting Parties";

Desiring to create the conditions for increasing investment activity of nationals of each of the two States and their companies in the territory of the other State;

Recognising that the encouragement and reciprocal protection of such investments by an international agreement will stimulate private commercial activity, the transfer of capital and technology and the work for the strengthening and increasing prosperity in both States;

Have agreed as follows:

## **Article 1. Definitions**

For the application of the provisions of this Convention and unless expressly stated otherwise, the following words shall have the following meanings as defined below:

a) "Investment":

Means all assets owned by one of the investors of a Contracting Party which are invested in the territory of the other Contracting Party before or after the entry into force of this Convention and which are subject to the agreement of the host Party in their capacity as investment, in accordance with its laws and regulations.

b) "Investment":

Means all assets and includes in particular, though not exclusively:

1. Movable and immovable property and any other property rights, such as mortgages, liens or pledges;
2. Shares, securities, stocks and all other forms of participation in companies as well as income retained for reinvestment;
3. Obligations and claims as well as debt servicing arising from an investment-related contract;
4. Intellectual and industrial property rights and the material relating to business assets as the trademark, patents, licences, the existence of employees in an approved project investment;
5. Concession rights granted under law or contract, including concessions to search in the field of agriculture and natural resources or their development, extract or exploit.

Any alteration of the form of investment of assets does not affect their character as investments and the term investment includes all investments in the territory of the contracting parties or their maritime areas.

c) "Income":

Any investment amounts from the means and not exclusively, includes profits, dividends, interests, capital, taxes (fees).

d) "Investor":

Means any natural or juridical person having the nationality of either Contracting Party, in accordance with its laws and who invests in the territory of the other party:

1. "Nationals":

Natural persons who have the nationality of one of the Contracting Parties.

2. "Companies":

Designates any legal person based in the territory of one of the Contracting Parties, in accordance with its law, and having its registered office in is located in the same territory or whose administration of that person moral is done in a direct or indirect way through the intermediary of the nationals of one of the Contracting Parties or through the intermediary of other legal persons having their registered office in the territory of one of the Contracting Parties and established in accordance with its legislation.

e) "Territory":

1. In respect of the people's Democratic Republic of Algeria: the land territory and territorial sea as well as the maritime areas over which Algeria exercises, in accordance with its legislation and / or the International Law, jurisdiction or sovereign rights for the purpose of research, exploration and exploitation of natural resources of the seabed and its subsoil and natural waters above.

2. For the State of Bahrain: the territory means the State of Bahrain including its islands and the territorial sea and the contiguous zone and any maritime area situated beyond the territorial sea over which the State of Bahrain which has been or might in the future be designated under the national law of the State of Bahrain and in accordance with international law as an area over which it is permitted to the State of Bahrain to exercise its rights, as regards the merits of the seas, marine subsoil and natural resources.

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

1. Each Contracting Party shall promote in its territory, and provides favourable conditions for nationals and companies of the other Contracting Party to invest capital in its territory and undertakes to authorise entry into its territory, without prejudice to its right to exercise powers conferred by its laws interned.

2. Investments of companies and nationals of either Contracting Party shall enjoy, at any time, in the territory of the other Contracting Party, fair and equitable treatment and full protection and security.

3. Investment income to be reinvested, in accordance with the laws and regulations of the Contracting Party hosting the investment, shall enjoy the same protection and benefits accorded to initial investments.

4. Each Contracting Party shall observe any obligation it has entered into in respect of investments of nationals or companies of the other Contracting Party.

## **Article 3. Most-favoured-nation Clauses**

1. Each Contracting Party shall accord to investments in its territory of nationals or companies of the other Contracting Party treatment no less favourable than that which it accords to its own nationals or companies or to nationals and companies of any third State.

2. Each Contracting Party shall accord in its territory to nationals and companies of the other Contracting Party, as regards the management, use, enjoyment of their investments, treatment no less favourable than that which it accords to its own nationals or companies or to nationals and companies of any third State.

3. Such treatment shall not apply to advantages accorded by a contracting party to nationals and companies of any third State or on the basis of its participation in economic, a customs union or common market, free trade area, Regional Cooperation Council or its participation in any of these groups.

4. The treatment granted by this article shall not apply to advantages granted by a contracting party to nationals or companies of any third State by virtue of a double taxation agreement or any agreement in the area of taxation.

## **Article 4. Nationalisation or Expropriation**

1. Without prejudice to what is provided for in Article 7 of that Convention, it is not allowed to nationalize investments of nationals and companies of one of the contracting parties or to expropriate or expropriate the subject to measures equivalent to nationalisation or expropriation (hereinafter referred to as "expropriation") in the territory of the other Party expropriation is not made for reasons of usefulness, if the expropriation is not made for the purpose of on a public and

non-discriminatory basis, in return for a fair and effective compensation, effective and payable immediately. This compensation will have to cover the actual value of the investments immediately before the expropriation or before the expropriation is announced. It will include interests which will be calculated at the usual commercial rate up to the date of payment. It will be paid without delay with an availability of use and a guarantee of free transfer.

2. The citizen or company that has suffered damage as a result of the expropriation shall, in accordance with the laws of the contracting party that carried out the expropriation, have the right to an immediate review, by a judicial or independent body under the jurisdiction of that party, of the expropriation case and the valuation of the investments, affected by the expropriation, in accordance with the principles referred to in this paragraph.

3. If one of the two contracting parties expropriates the assets of a company created or constituted on the basis of the laws in force in the Member States, any part of its territory, and in which nationals or companies of the other Contracting Party own shares, the party which proceeds with the expropriation undertakes to apply, to the extent necessary, the provisions of paragraph 1 of this Article to ensure the granting of an immediate and fair compensation for the investments of nationals, and companies of the other Contracting Party which hold the shares of action generated.

## **Article 5. Compensation for Losses**

1. Nationals or companies of each of the Contracting Parties whose investments in the territory of the other Contracting Party that have suffered losses due to a war or any other armed conflict, revolution, state of emergency or national revolt or disturbances in the territory of the second Contracting Party shall enjoy, with respect to restitution of rights to their owners or compensation for the loss or any other rules, treatment no less favourable than that which is accorded to its nationals or its companies or to be accorded to the nationals and companies of a third country, while ensuring the free transfer of payments of compensation.

2. Without prejudice to the provisions of paragraph 1 of this article, the rights of nationals and companies of either Contracting Party shall be returned or equitable compensation by ensuring that the amount of such compensation shall be transferred freely where they would suffer losses as set out in paragraph 1 above or other losses in the territory of the other contracting party.

## **Article 6. Transfers**

1. Each Contracting Party shall guarantee that investments of nationals and companies of the other Contracting Party, after fulfilment of tax obligations, the free transfer of their investments and returns, in accordance with the laws in force in their respective countries. the transfer shall be effected without delay in the convertible currency of the initial capital invested or in any other currency agreed between the investor and the Contracting Party concerned. Unless otherwise agreed by the investors transfers shall be made at the exchange rate of exchange in force at the date of transfer pursuant to the transfer exchange regulations in force.

2. The host Party investment guarantee the free property management either capital of the total or partial sale or liquidation or sale or donation or any other transfer of ownership.

## **Article 7. Settlement of Disputes between an Investor and the Host State**

Disputes between a citizen or company of one of the Contracting Parties and the other Contracting Party concerning a commitment of the other Party under the provisions of this Convention relating to the investment of a citizen or company which are not settled amicably within a period of six (6) months shall be submitted to international arbitration, if one of the parties to the dispute so desires:

(a) Under the Arbitration Rules established by the United Nations Commission on International Trade Law 1976 and its amendments in force or any other arbitration rules established by the Commission.

(b) The International Centre for Settlement of Investment Disputes; set up by the Convention on the Settlement of Investment Disputes between States and Nationals of member States.

It shall be permitted to both parties to the dispute agree in writing to the amendment of these rules.

## **Article 8. Settlement of Disputes In Execution and Enforcement 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 through diplomatic channels.

2. If a dispute between the Contracting Parties cannot be settled through diplomatic channels within six months (6) It shall be permitted and based on the request of either Contracting Party, to submit the dispute to an arbitral tribunal.

3. The arbitration panel shall be constituted as separate for each individual case as follows:

a) Within two months from the date of receipt of the request for arbitration, each Contracting Party shall appoint one member of the arbitration panel and these two members shall select a national of a third State to be appointed as Chairman of the arbitral panel after consent of both Contracting Parties. The Chairman expressed shall be appointed within two months from the date of appointment of the two members.

b) If the necessary appointments have not been made within the periods specified in paragraph (a) of this article and in the absence of any other agreement between the parties, it shall be permitted to each of the Contracting Parties, invite the President of the International Court of Justice to make any necessary appointments. If the President of the International Court of Justice is a national of either Contracting Party or if he is unable to fulfil the abovementioned mission, it shall request the Vice-President of the International Court of Justice to make the necessary appointments. If the Vice-President is a national of either Contracting Party or if he is unable to fulfil the abovementioned mission, it shall request the member of the International Court of Justice in precedence successor who shall not be a national of either of the Contracting Parties, to make the necessary appointments.

c) The arbitral tribunal shall render its decisions by a majority of votes. These decisions shall be binding on the Contracting Parties. Each Party shall bear the costs of the member of the arbitral tribunal that it has designated to represent it in the deliberations of the arbitral tribunal. The costs of the Chairperson of the arbitration panel as well as the other costs shall be shared equally by the Contracting Parties. However, the tribunal may decide to be borne by one of the Contracting Parties the higher proportion of costs and this decision shall be binding on the parties. The arbitral tribunal shall determine its own procedures.

## **Article 9. Subrogation**

1. If one Contracting Party or its designated agency makes payment under given an indemnity in respect of an investment in the territory of the other party, the other Contracting Party shall recognize the rights granted to the first Contracting Party or its designated agency by law or by legal transaction which will be implemented by itself. This includes all the rights and claims of the party indemnified and shall recognize the right of the former Party or its designated agency to exercise such rights and enforce such claims by virtue of subrogation to its nationals within the limits of the Party that has been compensated or guarantee.

2. Any payments in non-convertible currencies to be received by the first Contracting Party or its designated agency in pursuance of the acquired rights and claims shall be freely management by the first contracting party for the purpose of coverage of any expenditure incurred in the territory of the other Contracting Party.

## **Article 10. Compensation for Non-execution of Guarantees Granted to the Investor**

1. The investor shall be entitled to compensation for the damage was sustained for the actions taken by one of the Contracting Parties or one of its public or local authorities or its institutions and which are:

a) The rights and guarantees provided for in this Convention for the benefit of the investor.

b) breach of any international obligations and commitments of the Contracting Party arising out of this Convention for the benefit of the investor in the territory of the other Contracting Party or failure to comply with what was required to be performed, whether voluntarily or recklessly.

2. The non-performance of an enforceable judgement directly related to the investment.

3. The value of the compensation shall be equivalent to the prejudice suffered by the investor according to the nature of the prejudice and its degree.

4. Compensation shall be in cash in the event that it is impossible to reconstitute the investment as it was before the occurrence of the damage.

5. Cash compensation shall be estimated within three (3) months from the date of the loss and shall be paid within six (6) months from the date of the agreement on the amount of compensation.

## **Article 11. Scope of Investments**

The provisions of this Convention shall apply to investments made before or after its entry into force and shall not apply to any dispute that arose before its entry into force.

## **Article 12. Application of the other Provisions**

If the provisions of the applicable law in the country of either Contracting Party or obligations under international law existing at present or future after the signature of this Convention, in addition to the provisions of this Convention, contain rules whether general or specific, with respect to investments made by investors of the other contracting party to more favourable treatment than that provided for by the present Agreement, such rules shall apply instead of the provisions of this Convention until the end of the most favourable treatment.

## **Article 13. Entry In Force**

This Agreement shall enter into force after the expiry of thirty (30) days from the date of notification of either Contracting Party to the other party of the completion of the constitutional procedures required for the entry into force of this Convention.

## **Article 14. Duration and Termination of the Agreement**

This Agreement shall remain in force for a period of ten years and shall thereafter be renewed automatically unless either contracting party notifies in writing through the diplomatic channel to the other Contracting Party of its intention to terminate this Agreement, six (6) months prior to the expiry date. Investments made during the validity of the Convention shall continue to benefit from the provisions of the Convention with respect to such investments for a further period of ten (10) years from the date of the expiration of this period, without prejudice to the right to apply the provisions of public international law.

In WITNESS WHEREOF, the undersigned, in the exercise of delegated powers to do so by their State the signature of this Convention.

Done at Algiers on Sunday, 8 Rabie EL Aouel 1421 corresponding to 11 June 2000, in two originals in the Arabic language, both texts being equally authentic.

For the Government of the People's Democratic Republic of Algeria's

Ali BRAHITI

Deputy Minister of Budget

For the Government of the State of Bahrain

Abdallah Hassan SEIF

Ministry of Finance and National Economy