

# **AGREEMENT BETWEEN THE GOVERNMENT OF THE HUNGARIAN PEOPLE'S REPUBLIC AND THE GOVERNMENT OF THE ITALIAN REPUBLIC ON THE PROMOTION AND PROTECTION OF INVESTMENTS**

The Government of the People's Republic of Hungary and the Government of the Italian Republic (hereinafter referred to as the Contracting Parties),

Wishing to create favorable conditions for greater economic cooperation between the two countries and especially for capital investments by investors of a Contracting Party in the territory of the other Contracting Party and,

Recognizing that encouragement and mutual protection under the international agreements of these investments contribute to stimulating entrepreneurial initiatives by increasing the prosperity of the two countries,

Have agreed as follows:

## **Article 1. Definitions**

For the purposes of this Agreement:

1. "Investment" means any kind of asset invested in an economic activity before or after the entry into force of this Agreement by a natural or legal person of the other Contracting Party in the laws and regulations of that Party. Without limiting the generality of the foregoing, the term "investment" includes:

- a) Movable and immovable property, as well as any other property rights in rem such as mortgages, privileges, pledges, usufruct and similar rights, such as mortgages, privileges, pledges, usufruct and similar rights;
- b) The shares and other forms of participation even minority in the companies constituted on the territory of one of the Parties; Corporate bonds; Government and public securities; The receivables and the rights resulting from any performance of economic value;
- c) Copyright, trademarks, Commercial, patents, industrial designs and other intellectual and industrial property rights, know-how, commercial secrets, commercial names, and goodwill;
- d) Any rights conferred by law or by contract and any license and concession in accordance with the law, including the right to prospect, extract and exploit natural resources.

2. "Investor" means any natural or legal person of a Contracting Party who invests in the territory of the other Contracting Party.

3. "Natural person" means any nationality of that State in accordance with its laws.

4. "Legal person" means, in reference to each Contracting Party, any entity having its registered office in one of the Contracting Parties in accordance with national law and recognized as such by legal persons, such as public institutions, corporations, authorities, foundations, corporations Private, business, stable, organizations, regardless of whether their responsibility is limited or otherwise.

5. "Revenue" refers to the sums received from an investment, including, but not limited to, profits, interest, capital gains, dividends, royalties or servicing fees, technical services and other legitimate interests.

## **Article 2. Investor Promotion and Protection**

1. Each Contracting Party shall encourage the investors of the other Contracting Party and make investments in its territory and during the exercise. Of the powers conferred on it by its laws will authorize such investments.

2. Each Contracting Party shall always ensure fair and equitable treatment to investors of the other Contracting Party. Each Contracting Party shall ensure that the management, maintenance, use, enjoyment or disposal of its investments made by investors of the other Contracting Party shall in no way be affected by unjustified or discriminatory measures.

### **Article 3. Most Favored Nation Clause**

1. Each Contracting Party, within its territory, shall accord to the investments made and to the proceeds of. Investors of the other Contracting Party, a treatment no less favorable than that accorded to investments made and to the proceeds of its nationals or investors, third States, whatever the most favorable treatment accorded.

2. The treatment accorded to the activities connected with the investments of investors of each Contracting Party shall not be less favorable than that accorded to the activity connected with the investments of its own investors or those of any Third Country.

3. This treatment does not refer to the privileges that one of the Contracting Parties grants to third-country investors on the basis of their membership of a Customs or Economic Union, a Common Market, a Free Trade Area, a regional or subregional An International Multilateral Economic Agreement or an Agreement concluded between one of the Contracting Parties and a third State to avoid double taxation or the facilitation of cross-border trade.

### **Article 4. Compensation for Damage or Losses**

Where investors of one of the two Contracting Parties are liable for losses on their investments in the territory of the other Party, due to war, armed conflicts, an emergency, or other similar events, they will receive adequate compensation for the loss suffered. These payments will be freely transferable without undue delay.

Investors of one of the Contracting Parties shall be treated as nationals of that Contracting Party and in any case not less favorably than third-country investors.

### **Article 5. Nationalization or Expropriation**

1. (i) The investments referred to in this Agreement are not subject to any measure limiting the right of ownership, possession, control to enjoy the investments on a permanent or temporary basis unless specific provisions of the applicable laws and orders issued by the competent court.

(ii) Investment of investors of one of the Contracting Parties shall not be directly or indirectly nationalized, expropriated or subject to measures having equivalent effect to nationalization or expropriation in the territory of the other Contracting Party, except for public purposes, in the national interest of such Contracting Party State and against an immediate, adequate compensation, and provided that such measures are taken on a non-discriminatory basis and in accordance with the law procedures.

(iii) Fair compensation is calculated on the basis of the actual market value of the investment immediately prior to the date on which the decision to nationalize or expropriate has been announced or notified and will be determined in accordance with the valuation principles recognized as market value in accordance with the rules Internationally accepted evaluation. If there are difficulties in establishing the market value, the compensation will be determined on the basis of the typical value elements of the business activity. Compensation will include interest calculated at LIBOR at six months matured from the date of nationalization or expropriation up to the date of payment. In the absence of an agreement between the investor and the Host Party, the determination of compensation shall be made with reference to dispute settlement procedures, in accordance with Article 9 of this Agreement. Compensation, once determined, will be promptly paid, authorizing repatriation. Article 9 of this Agreement. Indemnity, once determined, will be promptly paid, allowing for repatriation.

2. The provisions referred to in paragraph 1 of this Article shall also apply to profits deriving from an investment and, in the event of liquidation, the proceeds resulting therefrom. Paragraph 1 of this Article shall also apply to profits deriving from an investment, as well as, in the event of liquidation, the proceeds derived from the latter.

### **Article 6. Repatriation of Capital, Profits and Wages**

1. Each of the Contracting Parties will ensure, after the fulfillment of all tax obligations, the transfer in any convertible currency, without undue delay, of the following:

(a) Net profits, dividends, royalties, fees for technical assistance and service, interest and other profits accruing on an investor's investment from the other Contracting Party;

- (b) Revenues deriving from the total or partial sale or the total or partial liquidation of the investment made by an investor of the Contracting Party;
- (c) Funds for repayment of loans;
- (d) Remuneration and compensation received by the nationals of the other Contracting Party arising from work and services rendered in connection with an investment made in its territory, in the extent and with the modalities laid down in its national laws and regulations.

2. Without limiting the scope of Article 5 of this Agreement, the Contracting Parties undertake to grant the transfers referred to in paragraph 1 of this Article the same favorable treatment as those resulting from investments made by investors from third States.

## **Article 7. Subrogation**

In the event that a Contracting Party has granted a guarantee against non-commercial risks for the investment made by one of its investors in the territory of the other Contracting Party, and has made payment to that investor under the guarantee, the other Contracting Party shall grant the transfer of that investor's rights to the previously appointed Contracting Party whose subrogation shall not go beyond the original rights of the investor. As regards the transfer of payments to be made to the Contracting Party by virtue of such subrogation, Articles 4, 5 and 6 shall apply respectively.

## **Article 8. Modalities of Transfers**

The transfers referred to in Articles 4, 5, 6 and 7 shall be made without undue delay and in any case within six months after the fulfillment of the tax obligations. Such transfers will be made in a currency convertible to the official exchange rate applicable at the date of the transfer.

## **Article 9. Settlement of Investment Disputes**

1. Disputes relating to expropriation, nationalization or similar measures including disputes on the amount of compensation between a Contracting Party and an investor of the other Party relating to an investment in the territory of the named Party as before shall, as far as possible, be settled amicably.

2. If such disputes can not be made in accordance with the provisions of paragraph 1 of this Article within six months of the date of the request for the composition, the investor concerned may submit the dispute: paragraph 1 of this Article within six months from the date of the request Of the composition, the investor concerned may submit the dispute:

- a) To the Court of the Contracting Party competent for the decision;
- b) To an Arbitral Tribunal in accordance with the provisions of paragraph 3 of the Protocol;
- c) To the International Settlement Arbitration Center for Investment Arbitration at the time when both Contracting Parties have adhered to the Washington Convention of 18 March 1965 on the Settlement of Investment Disputes between States and Citizens of Other States.

3. The two Contracting Parties shall refrain from dealing, through diplomatic channels, with any matter relating to arbitration or judicial proceedings, until such time as the proceedings have been completed and one of the Contracting Parties has complied or not complied with the award of the Arbitral Tribunal or the judgment of the Court seised.

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

1. Disputes between the Parties concerning the interpretation and application of this Agreement shall, as far as possible, be settled by friendly consultations between the two Parties through diplomatic channels.

2. If such dispute cannot be settled within three months of the date on which either Contracting Party notifies the other in writing, it shall, at the request of either Party, be submitted to an ad hoc arbitral tribunal in accordance with the provisions of this Article.

3. The Arbitral Tribunal shall be constituted as follows: within two months of receipt of the request for arbitration, each Party shall appoint a member of the Tribunal. The two members shall then choose a national of a Third State, who shall act as President (hereinafter referred to as the President). The President must be appointed within three months from the date of the appointment of the other two members.

4. If within the time limits referred to in paragraph 3 of this Article, either Party has not appointed its arbitrator or the two arbitrators have not agreed on the appointment. President, a request may be made to the President of the International Court of Justice to have the appointment made. If he is a national of one of the Contracting Parties or if it is not possible for him to perform this function, the Vice-President of the Court shall be asked to make the appointment. If the Vice President is also a national of one of the Contracting Parties or it is not possible for him to perform this function, the member of the International Court of Justice who follows by order of seniority and who is not a national of one of the Contracting Parties shall be invited to make the appointment.

5. The Arbitral Tribunal shall decide by majority vote, and its decisions shall be binding. Each Contracting Party shall bear the costs of its own arbitrator and its own representation in the proceedings. The two States shall bear the costs for the President and the remaining costs in equal parts.

## **Article 11. Relationships between the Contracting Parties**

The provisions of this Agreement shall apply irrespective of whether or not diplomatic relations between constables exist between the Parties.

## **Article 12. Application of other Standards**

1. Where a matter is governed either by this Agreement or by another International Agreement to which the two Contracting Parties are parties, or by general international law, there is nothing in this Agreement that prohibits one of the Contracting Parties, or one of their natural or legal persons having invested in the territory of the other Contracting Party, from benefiting from the rules that are more favorable to its case.

2. If the treatment accorded by one Contracting Party to the other Contracting Party's investors in accordance with its laws and regulations or other specific provisions or contracts is more favorable than that provided for in this Agreement, the more favorable treatment shall apply.

## **Article 12. Entry Into Force**

This Agreement shall enter into force at the time when the two Contracting Parties have been notified of the completion of their respective constitutional procedures.

## **Article 14. Duration and Termination**

1. This Agreement will remain in force for a period of 10 years and will remain in effect for a further five-year period unless one of the two Parties denies it in writing within one year before its expiry.

2. For investments made prior to the expiry date of this Agreement, the provisions of Articles 1 to 12 shall remain in force for a further five years from the date of expiry of this Agreement.

In witness whereof, the undersigned, duly authorized by their respective Governments, have signed this Agreement.

FOR THE GOVERNMENT OF THE HUNGARIAN PEOPLE'S REPUBLIC

FOR THE GOVERNMENT OF ITALIAN REPUBLIC