

# **AGREEMENT BETWEEN THE GOVERNMENT OF THE REPUBLIC OF INDIA AND THE GOVERNMENT OF ROMANIA FOR THE PROMOTION AND RECIPROCAL PROTECTION OF INVESTMENTS**

The Government of Republic of India and the Government of the Romania (hereinafter referred to as the Contracting Parties);

Desiring to create conditions favourable for fostering greater investment by investors of one State in the territory of the other State;

Recognising that the encouragement and reciprocal protection under International agreement of such investment will be conducive to the stimulation of individual business initiative and will increase prosperity in both State;

Have agreed as follows:

## **Article 1. Definitions**

For the purposes of this Agreement;

a) "Companies" means;

(i) In respect of India: Corporations, firms and associations incorporated or constituted or established under the law in force in any part of India;

(ii) In respect of Romania: legal entities, including companies, corporations, business associations and other organizations, which are constituted or otherwise duly organised under the law in force in Romania and have their seat together with real economic activities in the territory of Romania.

b) "investment" means every kind of asset established or acquired, including changes in the form of such investment, in accordance with the national laws of the contracting party in whose territory the investment is made and in particular, though not exclusively, includes:

(i) Movable and immovable property as well as other rights such as mortgages, liens or pledges;

(ii) Shares in and stock and debentures of a company and any other similar forms of participation in a company;

(iii) Rights to money or to any performance under contract having a financial value;

(iv) Intellectual property rights, in accordance with the relevant laws of the respective Contracting Party;

(v) Business concessions conferred by law or under contract, including concessions to search for, extract or exploit oil or other natural resources.

c) "investors" means any national or company of a Contracting Party.

d) "nationals" means:

(i) In respect of India: persons deriving their status as Indian nationals from the law in force in India;

(ii) In respect of Romania natural persons who, according to the law of that Contracting Party, are considered to be its citizens;

e) "returns" means the monetary amounts yielded by an investment such as profit, interest, capital gains, dividends, royalties and fees;

f) "territory" means:

(i) In respect of India: the territory of the Republic of India including its territorial waters and the airspace above it and other maritime zones including the Exclusive Economic Zone and continental shelf over which the Republic of India has sovereignty, sovereign rights or exclusive jurisdiction in accordance with its laws in force, the 1982 United Nations convention on the Law of the Sea and International Law.

(ii) In respect of Romania: the territory of the Romania including the territorial sea and the exclusive zone over which Romania exercises, in accordance with internal and international law, sovereignty, sovereign rights and jurisdiction.

## **Article 2. Scope of the Agreement**

This Agreement shall apply to all investments made by investors of either Contracting Party in the territory of the other contracting Party, accepted as such in accordance with its laws and regulations, whether made before or after the coming into force of this Agreement. However, the Agreement shall not apply to disputes which have arisen before its entry into force.

## **Article 3. Promotion and Protection of Investment**

(1) Each Contracting Party shall encourage and create favourable conditions for investors of the other Contracting Party to make investments in its territory, and admit such investments in accordance with its laws and policy.

(2) Investments and returns of investors of each Contracting party shall at all times be accorded fair and equitable treatment in the territory of the other Contracting Party.

## **Article 4. National Treatment and Most-favoured-nation Treatment**

(1) Each Contracting Party shall accord to investments of investors of the other Contracting Party, treatment which shall not be less favourable than that accorded either to investments of its own investors or investments of investors of any third State.

(2) In addition, each Contracting Party shall accord to investors of the other Contracting Party, including in respect of returns on their investments, treatment which shall not be less favourable than that accorded to investors of any third State.

(3) The provisions of paragraphs 1 and 2 above shall not be construed so as to oblige one Contracting Party to extend to the investors of the other the benefit of any treatment, preference or privilege resulting from:

(a) Any existing or future economic or customs union, a free trade area, regional economic organisation or similar international agreement to which it is or may become a party, or

(b) Any matter pertaining wholly or mainly to taxation.

## **Article 5. Expropriation**

(1) Investments of investors of either Contracting Party shall not be nationalised, expropriated or subjected to measures having effect equivalent to nationalisation or expropriation (hereinafter referred to as "expropriation") in the territory of the other Contracting Party except for a public purpose in accordance with law on a non-discriminatory basis and against fair and equitable compensation. Such compensation shall amount to the genuine value of the investment expropriated immediately before the expropriation or before the impending expropriation became public knowledge, whichever is the earlier, shall include interest at a fair and equitable rate until the date of payment, shall be made without unreasonable delay, be effectively realisable and be freely transferable.

(2) The investor affected shall have right, under the law of the Contracting Party making the expropriation, to review, by a judicial or other independent authority of that Contracting Party, of his or its case and of the valuation of his or its investment in accordance with the principles set out in this paragraph. The Contracting Party making the expropriation shall make every endeavour to ensure that such review is carried out promptly.

(3) Where a Contracting Party expropriates the assets of a company which is incorporated or constituted under the law in force in any part of own territory, and in which investors of the other contracting party own shares, it shall ensure that the provisions of paragraph(1) of this Article are applied to the extent necessary to ensure fair and equitable compensation in respect of their investment to such investors of the other Contracting Party who are owners of those shares.

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

Investors of one Contracting Party whose investments in the territory of the other Contracting Party suffer losses owing to war or other armed conflict, a state of national emergency or civil disturbances 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 to investors of any third State. Resulting payments shall be freely transferable.

## **Article 7. Repatriation of Investment and Returns**

(1) Each Contracting Party shall permit all funds of an investor of the other Contracting Party related to an investment in its territory to be freely transferred, without unreasonable delay and on a non-discriminatory basis. Such funds may include:

- (a) Capital and additional capital amounts used to maintain and increase investments;
- (b) Net operating profits including dividends and interest in proportion to their shareholdings;
- (c) Repayments of any loan including interest thereon, relating to the investment;
- (d) Payment of royalties and service relating to the investment;
- (e) Proceeds from sale of their shares;
- (f) Proceeds received by investors in case of total or partial sale or liquidation of an investment;
- (g) The earnings of citizens/nationals of one Contracting Party who work in connection with investment in the territory of the other Contracting Party.

(2) Nothing in paragraph (1) of this Article shall affect the transfer of any compensation under Article 6 of this Agreement.

(3) Unless otherwise agreed to between the parties, currency transfer under paragraph 1 of this Article shall be permitted in the currency of the original investment or any other convertible currency. Such transfer shall be made at the prevailing market rate of exchange on the date of transfer.

## **Article 8. Subrogation**

Where one Contracting Party or its designated agency has guaranteed any indemnity against noncommercial risks in respect of an investment by any of its investors in the territory of the other Contracting Party and has made payment to such investors in respect of their claims under this Agreement, the other Contracting Party agrees that the first Contracting Party or its designated agency is entitled by virtue of subrogation to exercise the rights and assert the claims of those investors. The subrogated rights or claims shall not exceed the original rights or claims of such investors.

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

(1) Any dispute between an investor of one Contracting Party and the other Contracting Party in relation to an investment of the former under this Agreement shall, as far as possible, be settled amicably through negotiations between the parties to the dispute.

(2) If any such dispute cannot thus be settled within six months from the date on which the dispute was raised by one of the parties, it may be submitted:

- (a) For resolution to competent judicial or arbitral bodies of the Contracting Party in whose territory the investment has been made upon request of the investor; or
- (b) For international arbitration according to the provisions of paragraph (3) of this Article by either party to the dispute.

Provided that where the investor has submitted the dispute to the competent judicial or arbitral bodies of the Contracting Party in whose territory the investment has been made, the choice once exercised shall be final.

(3) If the dispute is referred for international arbitration under paragraph (2) (b) above, the procedure shall be as follows:

- (a) If the Contracting Party of the investor and the other Contracting Party are both parties to the Convention on the Settlement of Investment Disputes between States and Nationals of other States, 1965 opened for signature at Washington

18th March 1965 and the investor consents in writing to submit the dispute to the International Centre for the Settlement of Investment Disputes (ICSID) such a dispute shall be referred to the ICSID; or

(b) When either or both Contracting Parties are not a party to the Convention and if both parties to the dispute so agree, the dispute shall be referred to the Additional Facility for the Administration of conciliation, Arbitration and Fact-Finding Proceedings of ICSID: or

(c) To an adhoc arbitral tribunal by either party to the dispute in accordance with the Arbitration Rules of the United Nations Commission on International Trade Law, 1976, subject to the following modifications:

(i) The appointing authority under Article 7 of the Rules shall be the President, the Vice- President or the next senior Judge of the International Court of Justice, who is not a national of either Contracting Party. The third arbitrator shall not be a national of either Contracting Party.

(ii) The parties shall appoint their respective arbitrators within two months.

(iii) The arbitral award shall be made in accordance with the provisions of this Agreement and shall be binding for the parties in dispute.

(iv) The arbitral tribunal shall state the basis of its decision and give reasons upon the request of either party.

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

(1) Disputes between the Contracting Parties concerning the interpretation or application of this Agreement should, as far as possible, be settled through negotiation.

(2) If a dispute between the Contracting Parties cannot thus be settled within six months from the time the dispute arose, it shall upon the request of either Contracting Party be submitted to an arbitral tribunal.

(3) Such an arbitral tribunal shall be constituted for each individual case in the following way. Within two months of the receipt of the request for arbitration, each Contracting party shall appoint one member of the tribunal. Those two members shall then select a national of a third State who on approval by the two contracting Parties shall be appointed Chairman of the tribunal. The Chairman shall be appointed within two months from the date of appointment of the other two members.

(4) If within the periods specified in paragraph (3) of this Article the necessary appointments have not been made, either Contracting Party may, in the absence of any other agreement, invite the President of the International Court of Justice to make any necessary appointments. If the President is a national of either Contracting Party or if he is otherwise prevented from discharging the said function, the Vice President shall be invited to make the necessary appointments. If the Vice President is a national of either Contracting Party or if he too is prevented from discharging the said function, the Member of the International Court of Justice next in seniority who is not a national of either Contracting Party shall be invited to make the necessary appointments.

(5) The arbitral tribunal shall reach its decision by a majority of votes. Such decisions shall be binding on both Contracting Parties. Each Contracting Party shall bear the cost of its own member of the tribunal and of its representation in the arbitral proceedings; the cost of the Chairman and the remaining costs shall be borne in equal parts by the Contracting Parties. The tribunal may however, in its decision direct that a higher proportion of costs shall be borne by one of the two Contracting Parties, and this award shall be binding on both Contracting Parties. The tribunal shall determine its own procedures.

## **Article 11. Entry and Sojourn of Personnel**

A Contracting Party shall, subject to its laws in force relating to the entry and sojourn of non citizens, permit natural persons of the other Contracting Party and personnel employed by companies of the other Contracting party to enter and remain in its territory for the purpose of engaging in activities connected with investments.

## **Article 12. Applicable Laws**

(1) Except as otherwise provided in this Agreement, all investment shall be governed by the laws in force in the territory of the Contracting Party in which such investments are made.

(2) Notwithstanding para 1 of this Article nothing in this Agreement precludes the host Contracting Party from taking action for the protection of its essential security interests or in circumstances of extreme emergency in accordance with its laws normally and reasonably applied on a non discriminatory basis.

## **Article 13. Application of other Rules**

If the provisions of law of either Contracting Party or obligations under international law existing at present or established hereafter between the Contracting Parties in addition to the present Agreement contain rules, whether general or specific, entitling investments by investors of the other Contracting Party to a treatment more favourable than is provided for by the present agreement, such rules shall to the extent that they are more favourable prevail over the present Agreement.

## **Article 14. Entry Into Force**

This Agreement shall be subject to ratification and shall enter into force on the date of exchange of Instruments of Ratification.

## **Article 15. Duration and Termination**

(1) This Agreement shall remain in force for a period of fifteen years and thereafter it shall be deemed to have been automatically extended unless either Contracting Party gives to the other Contracting Party a written notice of its intention to terminate the Agreement. The Agreement shall stand terminated one year from the date of receipt of such written notice.

(2) Notwithstanding termination of this Agreement pursuant to paragraph (1) of this Article, the Agreement shall continue to be effective for a further period of fifteen years from the date of its termination in respect of investments made or acquired before the date of termination of this Agreement.

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

Done at New Delhi on this 17th day of November, 1997 in two originals each in the Hindi, Romanian and English, all texts being equally authoritative. In case of any divergence of interpretation, the English text shall prevail.

For the Government of the Republic of India

(P. Chidambaram)

For the Government of Romania

(Mircea Ciumara)

### **PROTOCOL between the Government of the Republic of India and the Government of Romania amending the Agreement between the Government of Romania and the Government of the Republic of India on the Promotion and Reciprocal Protection of Investments, signed in New Delhi, on November 17, 1997**

The Government of the Republic of India and the Government of Romania hereinafter referred to as the "Contracting Parties",

Discussing the intentions of Romania to amend the Agreement between the Government of Romania and the Government of the Republic of India for the promotion and reciprocal protection of investments, signed in New Delhi on November 17, 1997 (hereinafter referred as "the Agreement"), in order to comply with its obligations as a Member State of the European Union;

Recognising that certain amendments to the Agreement are necessary to comply with these obligations;

Have agreed to conclude the following amending Protocol thereto:

**I.**

#### **Para 3 of Article 4 shall be replaced with the following:**

"The provisions of paragraphs (1) and (2) above shall not be construed so as to oblige one Contracting Party to extend to the investors of the other the benefits of any treatment, preference or privilege, resulting from:

(a) Any existing or future customs, economic and monetary union or a common market or a free trade area or a regional economic organization or similar international agreement to which it is or may become a party; or

(b) Any obligation which is binding on that Contracting Party by virtue of its membership to the above mentioned customs union, economic and monetary union or common market, or

(c) Any matter pertaining wholly or mainly to taxation ."

## **II.**

### **Para 4 in Article 7 shall be added as follows:**

"(4) Nothing in paragraph (1) of this Article shall prevent either Contracting Party from applying or enforcing, in good faith and in an equitable and non-discriminatory manner, their laws and regulations aiming for:

a) Issuing, trading or dealing in securities, futures, options, or derivatives ;

b) Adoption of safeguard measures, for a reasonable period of time, which may be taken in exceptional circumstances such as serious macroeconomic difficulties or serious difficulties for the balance of payments for the host Contracting Party or for any customs, economic and monetary union, common market, free trade area or regional economic organization, to which it is or may become a party;

c) Implementation of any obligation which is binding on that Contracting Party by virtue of its membership to any customs union, economic and monetary union, common market, free trade area or regional economic organization;

d) Enforcing decisions taken in criminal and adjudicatory proceedings."

## **III.**

### **A new Article 14bis shall be added as follows:**

#### **Mutual Consultations**

The Contracting Parties may, if necessary, consult each other on matters concerning any amendment of this Agreement. The amendments shall be made by consensus and shall enter into force on the date of receipt of the last notification by which the Parties shall communicate each other that their internal legal procedures for its entry into force have been completed and shall remain in force so long as the Agreement shall remain in force.

## **IV.**

This Protocol shall form an integral part of the Agreement and shall be subject to constitutional procedures required by the national laws of the Parties.

## **V.**

This Protocol shall enter into force on the date of receipt of the last notification by which the Parties shall communicate each other that their internal legal procedures for its entry into force have been completed and shall remain in force so long as the Agreement shall remain in force.

IN WITNESS WHEREOF, the undersigned being duly authorized by their Governments have signed this Additional Protocol.

Done at Bucharest on 16 February 2009, in two originals, each in Hindi, Romanian and English languages, all texts being equally authentic. In case of divergence of interpretation, the English text shall prevail.

FOR THE GOVERNMENT OF THE REPUBLIC OF INDIA

Sd/-

(DEBASHISH CHAKRAVARTI)

Ambassador of India

Bucharest

FOR THE GOVERNMENT OF ROMANIA

Sd/-

(BOGDAN ALEXANDRU DRAGOI)