

**AGREEMENT**

**BETWEEN**

**THE GOVERNMENT OF THE KINGDOM OF BAHRAIN**

**AND**

**THE GOVERNMENT OF THE REPUBLIC OF UZBEKISTAN**

**FOR**

**THE PROMOTION AND RECIPROCAL PROTECTION OF INVESTMENTS**

The Government of the Kingdom of Bahrain and the Government of the Republic of Uzbekistan, hereinafter referred to as the "Parties",

Desiring to create favourable conditions for the development of economic cooperation between the two countries and in particular for investments by investors of either Party in the territory of the other Party,

Realizing that the promotion and reciprocal protection of such investments will be conducive to the stimulation of business initiatives and to the increase of prosperity in both Parties,

Have agreed as follows:

**Article 1. Definitions**

For the purposes of this Agreement:

1. The term "investment" shall mean every kind of asset invested by the investor of either Party in the territory of other Party in accordance with national legislation of other Party and include, in particular, but not exclusively:

- (a) any other tangible and intangible, movable and immovable property as well as other property rights;
- (b) shares, stocks, debentures and other forms of interest in the equity of companies or/and economic interests from the respective activity;
- (c) the rights of claim in respect of funds, which have been used to create economic values or the rights of claim to any activity, having economic value which are associated with the investment;
- (d) intellectual property rights, including, but not limited to, copyrights, patents, industrial patterns, utility models, trade or services marks as well as technical processes, information having economic value, know-how and goodwill;
- (e) any right on realisation of economic activity conferred by law or contract, including concessions to prospect, extract or explore for natural resources.

Any alteration of the form, in which assets are invested or reinvested, shall not affect their qualification as investments, subject to that such a change does not contradict national legislation of the Party in the territory of which the investments have been made.

2. The term "Investor" with regard to either Party shall mean:

(a) the nationals of a Party, being those natural persons deriving their status as nationals of a Party from the law of that Party; and

(b) a legal entity being a company, any legal person, corporation, firm or association incorporated or constituted in accordance with the law of that Party, that has made investments in the territory of the other Party; and

(c) a Party to this Agreement.

3. The term "returns" shall mean the amounts yielded by an investment to the Contracting Parties include profits, income from debt-claims, capital gains, royalties, commission fees, technical assistance and service fees and other legal forms of fees.

4. The term "territory" shall mean,

(a) in respect of the Kingdom of Bahrain, the territory of the Kingdom of Bahrain as well as the maritime areas, sea bed and subsoil over which the Kingdom of Bahrain exercises control in accordance with international law, sovereign rights and jurisdiction; and

(b) in respect of the Republic of Uzbekistan the territory of the

Republic of Uzbekistan, including land, airspace, internal waters, territorial sea and any area beyond the territorial sea which has been or may hereafter be designated under the national legislation of the Republic of Uzbekistan and in accordance with international law, as an area over which the Republic of Uzbekistan may exercise sovereign rights or jurisdiction.

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

1. Each Party shall, in its territory and in accordance with its national legislation, admit and promote investments by investors of the other Party.

2. Each Party concerning the investments, recognized, as the same in the territory of its State shall accord all necessary permissions to that degree and on such terms, as determined by national legislation.

3. Investments made by investors of either Party shall enjoy full protection and security in the territory of the other Party. Neither 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 Party. Each Party shall observe any obligation it may have entered into with regard to investments of investors of the other Party.

## **Article 3. Treatment of Investments**

1. Each Party shall accord investments, made by investors of the other Party treatment which is not less favourable than that which it accords to investments of its own investors or to investments of investors of any third State whichever is more favourable.

2. However, the provisions of this Article shall not be construed so as to oblige one of the Parties to extend to the investors of the other Party preference or privilege, which shall be accorded to the investors of any third country in view of:

(a) Participation in any existing or future customs union, economic union, free trade area, currency union or other forms of regional economic co-operation or in case of any such international agreement to which either Party is or may become a member;

(b) Any international agreement on avoidance of double taxation or other international arrangements relating wholly or mainly to taxation.

## **Article 4. Expropriation**

1. Investments of investors of either Party shall not be nationalised, expropriated, or subjected to procedures having effect as nationalisation or expropriation (hereinafter referred to as "expropriation") in the territory of the other Party except for a public purpose relevant to the internal needs of that Party on a non-discriminatory basis and against prompt, adequate and effective 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 a daily rate of compensation at a normal commercial rate until the date of payment (which rate shall not be less

than the LIBOR rate applicable at the date of expropriation) until the date of payment, shall be made without delay, be effectively realisable and be freely transferable. The investor affected shall have a right under the law of the Party making the expropriation, to prompt review by a judicial or other independent authority of that Party of its case and of the valuation of its investment in accordance with the principles set out in this Article.

2. Where a Party expropriates the assets of a company which is incorporated or constituted under the law in force in any part of its territory, and in which investors of the other Party own shares, it shall ensure that the provisions of this Article are applied so as to guarantee prompt, adequate and effective compensation in respect of their investment to such investors of the other Party who are owners of those shares.

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

Investors of either Party whose investments suffer losses owing to war or armed conflict, revolution, a state of national emergency, revolt, riot or other such events in the territory of State of other Party, shall be accorded by the latter Party treatment not less favourable than that Party accords to the investments of its own investors, or the investments of investors of any third State, whichever is more favourable, as regards compensation, restitution or other valuable consideration.

## **Article 6. Transfer of Payments**

1. Each Party shall, after payment of related taxes and fees and in accordance with its national legislation, guarantee to investors of the other Party the free transfer of payments in connection with investments. Such transfer includes:

- (a) the initial capital and any additional capital necessary for the maintenance, management and development of the investment;
- (b) returns, as defined in paragraph 3 of Article 1 of this Agreement;
- (c) any amount for the amortisation and liquidation of loans, recognised by both Parties to be an investment;
- (d) proceeds from the sale or liquidation of the whole or any part, of the investment;
- (e) compensations, to be paid in accordance with the Articles of this Agreement and other payments, related to any investment dispute within the framework of the present Agreement; and
- (f) salaries and any other remuneration to employees.

2. Transfers shall be effected without delay in the convertible currency in which the capital was originally invested or in any other convertible currency agreed by the investors and the Party concerned. Unless otherwise agreed by the investors transfers shall be made at the rate of exchange applicable on the date of transfer pursuant to the exchange regulations in force.

3. Returns and other amounts in any currency, referred to in this Article and received by the investors of one Party from of investments made in the territory of the other Party may be reinvested or used for other purposes in the territory of that other Party in accordance with the other Party's national legislation.

## **Article 7. Subrogation**

If one Party or its designated Agency makes a payment under an indemnity, guarantee or contract of insurance against non-commercial risks given in respect of an investment made by any of its investors in the territory of the other Party, the latter Party shall recognize the assignment of any right or

Claim of such investor to the former Party or its designated Agency and the right of the former Party or its designated Agency to exercise, by virtue of subrogation, any such right and claim to the same extent as its predecessor in title. This subrogation will make it possible for the former Party or its designated Agency to be the direct beneficiary of any payment for indemnification or other compensation to which the investor could be entitled.

## **Article 8. Settlement of Disputes between a Party and an Investor**

(1) For the purpose of solving disputes with respect to investments between a Party and an investor of the other Party, consultations will take place between the parties concerned with a view to solving the case, as far as possible, amicably.

(2) If these consultations do not result in a solution within six months from the date of request for settlement, the investor may submit the dispute, at his choice, for settlement to:

(a) the competent court of the Party in the territory of which the investment has been made; or

(b) the International Centre for Settlement of Investment Disputes (ICSID) provided for by the Convention on the Settlement of Investment Disputes between States and Nationals of the other States, done at Washington, on March 18, 1965; or

(c) an ad-hoc arbitral tribunal, which, unless otherwise agreed upon by the parties to the dispute, shall be, established under the arbitration rules of the United Nations Commission on International Trade Law (UNCITRAL).

(3) Each Party hereby consents to the submission of an investment dispute to international conciliation or arbitration and that awards issued by any arbitral tribunal or competent court shall be final and legally binding upon the parties to the dispute and that each Party shall execute these awards in accordance with its national legislation.

## **Article 9. Settlement of Disputes between the Parties**

1. Disputes between the Parties concerning the interpretation or application of this Agreement should, if possible, be settled through diplomatic channels.

2. If a dispute between the Parties cannot be settled through diplomatic channels, it shall upon the request of either 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 Party shall appoint one member of the tribunal. Those two members shall then select a national of a third State who on approval of the 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 sub-paragraph 3 herein the necessary appointments have not been made, either 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 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 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 Party shall be invited to make the necessary appointments.

5. The arbitral tribunal shall reach its decision by a majority of votes. Such decision shall be binding on both Parties. Each 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 Parties. The tribunal may, however, in its decision direct that a higher proportion of costs shall be borne by one of the Parties, and this award shall be final and binding on both Parties. The tribunal shall determine its own procedure.

## **Article 10. Application of other Rules**

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

## **Article 11. Scope of the Agreement**

The present Agreement shall apply to investments in the territory of one Party, made in accordance with its national laws and regulations, by investors of the other Party, whether prior to or after the entry into force of this Agreement. However, the Agreement shall not apply to disputes that have arisen before its entry into force.

## **Article 12. Consultations**

Either Party may request that consultations be held on any matter concerning this Agreement. The other Party shall accord sympathetic consideration to the proposal and shall afford adequate opportunity for such consultations.

## **Article 13. Amendments**

This Agreement may be amended by protocols, which shall be mutually agreed by the Parties. These protocols shall form an integral part of this Agreement and entering into force under the same procedure required in Article 14 of this Agreement.

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

1. Each Party shall notify the other of the completion of the formalities required for the entry into force of this Agreement. This Agreement shall enter into force on the thirtieth day after the date of receipt of the latter of the two notifications.
2. This Agreement shall remain in force for a period of ten years. Thereafter it shall continue in force until the expiration of twelve months from the date on which either Party shall have given written notice of termination to the other.
3. In the case of denouncement of the present Agreement, the provisions of this Agreement shall remain in force for a further period of ten years, in respect of investments, made before such denouncement.

Done in duplicate at Manama on the 16 th day of November 2009, in the Arabic, Uzbek and English languages, all texts being equally authentic. In the case of any divergence of interpretation of the provisions of this Agreement, the English text shall prevail.

For the Government of the Kingdom of Bahrain

For the Government of the

Republic of Uzbekist;