

# **Agreement between the Government of the Republic of Bulgaria and the Republic of Uzbekistan on mutual encouragement and protection of investments**

The Government of the Republic of Bulgaria and the Republic of Uzbekistan, called "contracting parties"

Desiring to develop economic cooperation between them on the basis of mutual benefit,

Recognizing the need to promote and protect foreign investments to create and maintain favorable conditions for investments of investors of either Contracting Party in the territory of the other Contracting Party

Convinced that the mutual promotion and protection of investments in accordance with the provisions of this contract will contribute to the development of business initiative and increasing prosperity in both countries

They have agreed as follows:

## **Article 1. Definitions**

For the purposes of this Agreement:

1. The term "investment" means any kind of assets invested by an investor of one Contracting Party in the territory of the other Contracting Party in accordance with the law of the Contracting Party in whose territory the investment was made, and include particularly, but not exclusively:

- a) movable and immovable property as well as any real rights and real collateral in the form of a pledge or mortgage or similar rights;
- b) shares, stocks, securities, bonds and debt obligations of the company and any other form of participation in companies;
- c) monetary claims or claims to performance having economic value;
- d) intellectual and industrial property rights, including copyrights, patents, trademarks, trade names, industrial designs, rights in technical processes, "goodwill", "know-how" and any other similar rights;
- e) rights to carry out economic activities provided under the legislation on the basis of a contract or an administrative act of a competent authority, including the granting of concessions to search for, cultivate, extract or exploit natural resources.

A subsequent change of the form in which assets are invested or reinvested shall not affect their character as investment, provided that the change is carried out in accordance with the law of the Contracting Party in whose territory the investment is made.

2. The term "investor" means in respect of each Contracting Party:

- a) any natural person who is a national of the Party in accordance with its national law;
- b) a legal person or any self-education, incorporated or constituted under the law of the Party.

3. The term "income" means all amounts received from the investment and include in particular, but not exclusively: profits, dividends, interest, income from capital growth, royalty, license and commission fees and other lawful income.

4. The term "territory" means in relation to each Contracting Party territory, including the territorial sea and continental shelf and the exclusive economic zone over which the State exercises sovereign rights and jurisdiction in accordance with international law.

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

1. Each Contracting Party shall maintain and promote in its territory investments by investors of the other Contracting Party and admit such investments in accordance with its legislation.
2. Each Contracting Party shall consider favorably and in accordance with its legislation questions concerning entry, stay, work and movement in its territory of nationals of other Contracting Party exercising investment activities, as well as their family members.
3. Investments of investors of the contracting party providing fair and equal regime and ensure full protection of the territory of the other Contracting Party.
4. In case of reinvestment of income from investments, these reinvestments and the income from them will enjoy the same protection as the initial investments.

### **Article 3. National Treatment and Most-favored Nation Treatment**

1. Each Contracting Party shall provide the investments made in its territory by investors of the other Contracting Party treatment no less favorable than that granted to investments of its own investors or investments of investors of any third state depending on which is more favorable.
2. Each Contracting Party shall in its territory of investors of the other Contracting Party regarding activities related to the maintenance, use and management of their investments treatment no less favorable than that accorded to its own investors or investors of any third country.
3. Each Contracting Party reserves the right to establish or maintain, in accordance with its legislation exceptions to national treatment. Any new exception will apply only to investments made after the entry into force of this exception.
4. The provisions of this Article shall not be construed as obliging a Party to grant investors of the other Contracting Party privileges which provides or will provide to investors of any third country in relation to:
  - a) participation in any existing or created in the future customs union, free trade zone, economic union contracts for regional economic integration or similar international agreements; or
  - b) any international agreement to avoid double taxation or other international agreements governing wholly or mainly taxation.

### **Article 4. Expropriation**

1. Investments of investors of either Contracting Party shall not be nationalized, expropriated or subjected to measures having an effect equivalent to nationalization or expropriation (hereinafter referred to as "expropriation") in the territory of the other Party except in cases specified in current law and in the public interest associated with such state needs that can not be satisfied in any other way.

The expropriation will be done by the respective legal procedures, non-discriminatory basis and against payment of prompt, adequate and effective compensation.

2. The compensation will correspond to the market value of the expropriated investment immediately at the date of entry into force of the act of expropriation or until a decision on expropriation becomes publicly known (depending on what works will be carried out earlier), and will include interest from the date of expropriation until payment calculated on the annual interest rate "LIBOR" for the freely convertible currency in which the investment has been made in accordance with the exchange regulations of the Contracting party in whose territory the investment is made.
3. In cases where the contracting party expropriate property of a company incorporated or formed in accordance with the legislation in its territory in respect of the shares to an investor of the other Contracting Party shall apply the provisions of this Article.

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

Investors of either Contracting Party whose investments suffer losses in the territory of the other Contracting Party owing to war, armed conflict, emergency, insurrection, riot, civil unrest and other similar events, the Contracting Party shall regime of restitution, compensation losses, compensation or other valuable consideration losses no less favorable than that which the latter Contracting party shall accord to investors of any third state.

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

1. Each Contracting Party in accordance with its legislation authorizes the investors of the other Contracting Party, after fulfillment of all their tax obligations to carry out transfer of payments in connection with investments and the income from them. Such transfers include, in particular, but not exclusively:

- a) capital and additional amounts intended to maintain or increase the investment;
- b) income resulting from the investment;
- c) amounts resulting from the total or partial sale or liquidation of the investment;
- d) amounts required for repayment of loans, payment of patents, licensing fees and other payments in connection with the operation of the investment;
- e) compensation in accordance with Art. 4 and 5;
- f) the net salary and other compensation of investors of either Contracting Party employed and allowed to work in connection with investments in the territory of the other Contracting Party.

2. The transfers take place without undue delay in a freely convertible currency at the exchange rate applicable on the date of implementation of the transfer and determined in accordance with the exchange regulations of the Contracting Party in whose territory the investment was made.

3. In accordance with the legislation of each Contracting Party all transfers subject to settlement in this Article shall benefit from treatment no less favorable than transfers made by investors of any third state.

4. Transfers to and from the territory of the Contracting Parties of their currencies and the currencies of other countries, payment documents and securities are regulated by the law of the Contracting Party to the place of investment.

## **Article 7. Subrogation**

1. If a Contracting Party or its authorized body makes a payment to any of its investors under a guarantee contract or insurance entered into in connection with investments in the territory of the other Contracting Party, the latter shall recognize:

- a) transfer of rights both in accordance with the law and according to the legal transaction in that country, any right or claim by the investor to the first-mentioned Contracting Party or its authorized body; and also
- b) the fact that first-mentioned Contracting Party or its authorized body is entitled by virtue of subrogation to exercise the rights and enforce the claims of such investor and assume the obligations related to investments.

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

## **Article 8. Consultations**

Any Contracting Party may propose the other Party to hold consultations on all matters relating to the interpretation and application of this Agreement. The other Contracting Party shall take appropriate measures for such consultation.

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

1. Disputes between the Contracting Parties concerning the interpretation and application of this Agreement shall be settled through diplomatic channels possible through consultations and negotiations between the contracting parties.

2. If the Contracting Parties fail to reach agreement within six months from the date of commencement of negotiations at the request of either Contracting Party a dispute may be referred to an arbitral tribunal. The said tribunal be constituted for each case (ad hoc) and consists of three members. Each Contracting Party shall appoint one arbitrator. These two arbitrators choose a third country maintains diplomatic relations with both Contracting Parties, which after approval by both Contracting Parties shall be appointed Chairman of the tribunal.

3. If either of the contracting parties fails to appoint its arbitrator within two months from the receipt of the request for arbitration, either Contracting Party may invite the President of the International Court of Justice at the United Nations to make the necessary appointments.

4. If the two arbitrators can not agree within two months of their appointment on the choice of the President, either Contracting Party may refer to the President of the International Court of Justice at the United Nations with a request to make the necessary appointments.
5. If the cases referred to in para. 3 and 4 of this Article, the President of the International Court at the UN can not perform the specified function or if he is a citizen of either Contracting Party, the appointment will be made by the Vice President, and if he can not perform this function or is a citizen of either Contracting party, the appointment will be made by the next most senior member of the International Court of Justice at the United Nations, who is not a citizen of either Contracting party.
6. The arbitral tribunal shall take its decisions based on the provisions of this Treaty and generally accepted principles and norms of international law. Before the arbitral tribunal to decide, he can at every stage of their work to offer the contracting parties to resolve the dispute amicably. The preceding provisions shall not impede the resolution of the dispute, if the Parties agree.
7. Without prejudice to other arrangements between the contracting parties, the arbitral tribunal shall determine its own procedure. The Court reaches its decision by majority vote.
8. Each Contracting Party shall bear the costs of its own member of the tribunal and of its participation in the arbitration procedure. The costs of the Chairman and other costs shall be borne equally by the Contracting Parties.
9. The court decision is final and binding on each Contracting Party.

## **Article 10. Settlement of Disputes between a Contracting Party and an Investor of the other Contracting Party**

1. Disputes between an investor of one Contracting Party and the other Contracting Party relating to investment of investors, including disputes regarding the amount of compensation shall be settled by chance through negotiations.
2. If such a dispute is not resolved within six months of the date on which either Contracting Party has requested permission through negotiations, the investor may refer the dispute to the competent court of the Contracting Party party to the dispute.

In case of disputes regarding art. 4, 5, 6 and 7 of this contract the investor can to resolve the dispute through arbitration before an arbitral tribunal ad hoc in accordance with the Arbitration Rules of the Commission of the United Nations on International Trade Law (UNCITRAL) or the International Centre for Settlement of investment disputes in case both Contracting parties are parties to the Convention for Settlement of Investment Disputes between States and Nationals of Other States (ICSID), opened for signature in Washington on March 18, 1965.

3. The arbitral tribunal shall take its decision based on national law of the Contracting Party party to the dispute, the provisions of this Agreement and the generally accepted principles and norms of international law.
4. The arbitration award is final and binding on both parties to the dispute and will be enforced in accordance with the national law of the Contracting Party party to the dispute.
5. Each Party shall bear the costs related to the operation of appointments by its member of the tribunal and of its participation in the arbitration process. All other costs of the arbitration process, parties to the dispute shall share equally.

## **Article 11. Application of Treaty**

1. This Agreement shall apply to investments in the territory of one Contracting Party made in accordance with its legislation by investors of the other Contracting Party, regardless of whether committed before or after the entry into force of this Treaty.
2. This Agreement will only apply to disputes arising after the entry into force of the contract.

## **Article 12. Amendments and Supplements**

This contract may be imported amendments with the written consent of the Parties follow the procedures for entry into force referred to in paragraph. 1 of Art. 13 of this contract.

## **Article 13. Entry Into Force, Duration and Termination**

1. The Contracting Parties shall exchange notes on the implementation of relevant procedures laid down in national law of the Contracting Party regarding the entry into force of this Treaty.

The date of entry into force of this agreement will be the thirtieth day from the date of receipt of the last note.

2. This Agreement shall remain in force for a period of ten years. Its action will be automatically extended for subsequent periods of five years if a Contracting Party notifies in writing the other Contracting Party at least twelve months before the relevant deadline of its intention to terminate this contract.

3. In the event of termination of this Agreement the provisions of Art. 1-11 will remain in force for a further period of ten years for investments made to date of termination of this contract.

DONE in Sofia on June 24, 1998 in two originals in the Bulgarian, Uzbek and Russian languages, all texts being equally authentic. In the event of disagreement on the interpretation of this treaty text in Russian language will prevail.