

# **AGREEMENT FOR THE PROMOTION AND RECIPROCAL PROTECTION OF INVESTMENTS BETWEEN THE ORIENTAL REPUBLIC OF URUGUAY AND THE PEOPLE'S REPUBLIC OF HUNGARY**

The Government of the Hungarian People's Republic and the Government of the Oriental Republic of Uruguay,

DESIRING to intensify economic cooperation to the mutual benefit of both countries,

INTENDING to create favourable conditions for investments by investors of either Party in the territory of the other Party,

And

RECOGNIZING that encouragement and protection of investments on the basis of the present Agreement stimulates the initiative in this field

HAVE AGREED AS FOLLOWS:

## **Article 1.**

For the purposes of the present Agreement:

1 . the term "investments" shall comprise every kind of asset connected with the participation in companies and joint ventures, more particularly, though not exclusively:

A/ movable and immovable property as well as any other rights in rem in respect of every kind of asset;

B/ rights derived from shares, bonds and other kinds of interests in companies;

C/ title to money, goodwill and other assets and to any performance having an economic value;

D/ rights in the field of intellectual property, technical processes and know-how.

2 . the term "investor" shall comprise with regard to either Contracting Party:

A/ natural persons having the nationality of that Contracting Party in accordance with its law;

B/ legal persons constituted in accordance with the law of that Contracting Party.

3 . For the Oriental Republic of Uruguay this Agreement shall not apply to investments made in Uruguay by natural persons who are nationals of both Contracting Parties and are domiciled or have their centre of economic interest in Uruguay.

## **Article 2.**

1 . Each Contracting Party shall in its territory promote investments by investors of the other Contracting Party and admit such investments in accordance with its laws and regulations.

2 . The present Agreement shall apply to investments made by investors of either Contracting Party in conformity with the laws and regulations of the other Contracting Party in its territory from the first January 1973.

3 . The present Agreement shall in no event be applicable to divergencies or disputes which have arisen prior to its entry into force.

## **Article 3.**

- 1 . Each Contracting Party shall ensure fair and equitable treatment to the investments of investors of the other Contracting Party and shall not impair, by unreasonable or discriminatory measures, the operation, management, maintenance, use, enjoyment or disposal thereof by those investors.
- 2 . More particularly, each Contracting Party shall accord to such investments full security and protection which in any case shall not be less than that accorded to investments of investors of any third State.
- 3 . If a Contracting Party has accorded special advantages to investors of any third State by virtue of agreements establishing customs unions, economic unions or similar institutions, or on the basis of interim agreements leading to such unions or institutions, that Contracting Party shall not be obliged to accord such advantages to investors of the other Contracting Party.
- 4 . The treatment granted under the present Article shall not extend to taxes, fees, charges and to fiscal deductions and exemptions granted by either Contracting Party to investors of third States by virtue of a double taxation agreement or other agreements regarding matters of taxation, or on the basis of reciprocity with a third State.

#### **Article 4.**

1 . Neither Contracting Party shall take any measures depriving, directly or indirectly, investors of the other Contracting Party of their investments unless the following conditions are complied with:

A/ the measures are taken under reasons of necessity or public benefit and under due process of law;

B/ the measures are not discriminatory or contrary to any undertaking which the former Contracting Party may have given;

C/ the measures are accompanied by provision for the payment of just compensation. Such compensation shall be paid and made transferable without undue delay.

2 . Investors of either Contracting Party whose investments suffer losses in the territory of the other Contracting Party owing to war or other armed conflict, state of emergency, revolt or riot, shall be accorded treatment no less favourable by such other Contracting Party than that Party accords to investors of any third State as regards restitution, indemnification, compensation or other valuable consideration. Such payments shall be freely transferable between the two Contracting Parties.

#### **Article 5.**

1 . The Contracting Parties shall guarantee the transfer of payments related to an investment. The transfers shall be made in a freely convertible currency, without undue restriction and delay.

Such transfers include in particular, though not exclusively:

A/ capital and additional amounts to maintain or increase the investment;

B/ profits, interest, dividends and other current income;

C/ funds in repayment of loans;

D/ royalties or fees;

E/ proceeds of sale or liquidation of the investment.

#### **Article 6.**

If the investments of an investor of the one Contracting Party are insured against non-commercial risks under a system established by law, any subrogation of the insurer or re-insurer into the rights of the said investor pursuant to the terms of such insurance shall be recognized by the other Contracting Party.

#### **Article 7.**

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 a regulation, 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 regulation shall to the extent that it is more favourable prevail over the present

Agreement.

## **Article 8.**

Either Contracting Party may propose the other Party to consult on any matter affecting the operation of the present Agreement. The other Party shall accord sympathetic consideration to and shall afford adequate opportunity for such consultation.

## **Article 9.**

- 1 . Any dispute between the Contracting Parties concerning the interpretation or application of the present Agreement shall as far as possible be settled by the Governments of the two Contracting Parties.
- 2 . If the dispute cannot thus be settled within six months from the beginning of the negotiations, it shall upon the request of either Contracting Party be submitted to an arbitral tribunal.
- 3 . The arbitral tribunal shall be constituted as follows: each Contracting Party shall appoint one arbitrator and these two arbitrators shall agree upon a national of a third State as chairman. The arbitrators shall be appointed within three months, the chairman within five months from the date on which either Contracting Party has informed the other Contracting Party that it intends to submit the dispute to an arbitral tribunal.
- 4 . If one of the Parties fails to appoint its arbitrator and has not proceeded to do so within the specified period, the other Party may invite the Secretary General of the United Nations to make the necessary appointment. If the two arbitrators are unable to reach an agreement, in the specified period, on the choice of the third arbitrator, either Party may invite the Secretary General of the United Nations to make the necessary appointment.
- 5 . Unless the Parties decide otherwise, the tribunal shall determine its own procedure.
- 6 . The tribunal shall reach its decision by a majority of votes. Such decision shall be final and binding on the Parties.
- 7 . Each Contracting Party shall bear the cost of the arbitrator appointed by itself and of its representation. The cost of the chairman as well as the other costs will be borne in equal parts by the Contracting Parties.

## **Article 10.**

- 1 . Disputes between either Contracting Party and an investor of the other Contracting Party concerning an investment made by an investor of a Contracting Party in the territory of the other Contracting Party shall as far as possible be settled amicably between the parties concerned.
- 2 . If such disputes cannot be settled within six months from the date either party requested amicable settlement, the dispute shall, at the request of one of the parties concerned, be submitted to the competent tribunal of the Contracting Party in the territory of which the investment has been made.

If the judgment were not passed within a period of eighteen months, the investor concerned and the Contracting Party in the territory of which the investment has been made, shall, upon agreement, submit the dispute to an arbitral tribunal.

- 3 . If the dispute concerning expropriation or nationalization cannot be settled within a period of eighteen months from the date on which the dispute was submitted to the competent tribunal of the Contracting Party in the territory of which the investment has been made, the investor concerned, may resort to an arbitral tribunal.
- 4 . The arbitral tribunal mentioned in paragraph /2/ and /3/ of this Article shall be set up for each case and will be competent to settle the dispute. The provisions of Article 9, paragraphs 3-7, shall be applied mutatis mutandis. Nevertheless, the President of the Arbitral Tribunal of the International Chamber of Commerce in Paris shall be invited to make the necessary appointments. paragraph /2/ and /3/ of this Article shall be set up for each case and will be competent to settle the dispute. The provisions of Article 9, paragraphs 3-7, shall be applied mutatis mutandis. Nevertheless, the President of the Arbitral Tribunal of the International Chamber of Commerce in Paris shall be invited to make the necessary appointments.
- 5 . No Contracting Party shall give diplomatic protection, or bring an international claim, in respect of a dispute which one of its investors and the other Contracting Party have submitted to the competent tribunal of the Contracting Party in the territory of which the investment has been made or to an arbitral tribunal, provided for in this Article, unless such other Contracting Party shall have failed to abide by and comply with the award rendered in such dispute.
- 6 . In case both Contracting Parties have become members of the Convention on the Settlement of Investment Disputes

between States and Nationals of other States, opened for signature at Washington on 18 March 1965, disputes between either Contracting Party and the national of the other Contracting Party under the third paragraph of the present Article shall be submitted for settlement by conciliation or arbitration to the International Centre for Settlement of Investment Disputes. Convention on the Settlement of Investment Disputes between States and Nationals of other States, opened for signature at Washington on 18 March 1965, disputes between either Contracting Party and the national of the other Contracting Party under the third paragraph of the present Article shall be submitted for settlement by conciliation or arbitration to the International Centre for Settlement of Investment Disputes.

7 . Judgment of the competent tribunals in the sense of this Article means for the Oriental Republic of Uruguay, a judicial decision in a one and only instance.

## **Article 11.**

- 1 . The present Agreement shall enter into force on the first day of the second month following the date at which the Contracting Parties have informed each other in writing that the procedures constitutionally required therefore in their respective countries have been complied with, and shall remain in force for a period of 15 years.
- 2 . Unless notice of termination has been given by either Contracting Party at least six months before the date of expiry of its validity, the present Agreement shall be extended tacitly for periods of 10 years, each Contracting Party reserving the right to terminate the Agreement upon notice of at least six months before the date of expiry of the current period of validity.
- 3 . In respect of investments made before the date of the termination of the present Agreement, the foregoing Articles thereof shall continue to be effective for a further period of 10 years from that date.

For the Government of the Hungarian People's Republic

The Government of the Hungarian People's Republic and the Government of the Oriental Republic of Uruguay, DESIRING to intensify economic cooperation to the mutual benefit of both countries, INTENDING to create favourable conditions for investments by investors of either Party in the territory of the other Party, And RECOGNIZING that encouragement and protection of investments on the basis of the present Agreement stimulates the initiative in this field HAVE AGREED AS FOLLOWS:

Body 1 For the purposes of the present Agreement:

- 1 . the term "investments" shall comprise every kind of asset connected with the participation in companies and joint ventures, more particularly, though not exclusively: A/ movable and immovable property as well as any other rights in rem in respect of every kind of asset; B/ rights derived from shares, bonds and other kinds of interests in companies; C/ title to money, goodwill and other assets and to any performance having an economic value; D/ rights in the field of intellectual property, technical processes and know-how.
- 2 . the term "investor" shall comprise with regard to either Contracting Party: A/ natural persons having the nationality of that Contracting Party in accordance with its law; B/ legal persons constituted in accordance with the law of that Contracting Party.
- 3 . For the Oriental Republic of Uruguay this Agreement shall not apply to investments made in Uruguay by natural persons who are nationals of both Contracting Parties and are domiciled or have their centre of economic interest in Uruguay.
- 21 . Each Contracting Party shall in its territory promote investments by investors of the other Contracting Party and admit such investments in accordance with its laws and regulations.
- 2 . The present Agreement shall apply to investments made by investors of either Contracting Party in conformity with the laws and regulations of the other Contracting Party in its territory from the first January 1973.
- 3 . The present Agreement shall in no event be applicable to divergencies or disputes which have arisen prior to its entry into force.
- 31 . Each Contracting Party shall ensure fair and equitable treatment to the investments of investors of the other Contracting Party and shall not impair, by unreasonable or discriminatory measures, the operation, management, maintenance, use, enjoyment or disposal thereof by those investors.
- 2 . More particularly, each Contracting Party shall accord to such investments full security and protection which in any case shall not be less than that accorded to investments of investors of any third State.
- 3 . If a Contracting Party has accorded special advantages to investors of any third State by virtue of agreements establishing customs unions, economic unions or similar institutions, or on the basis of interim agreements leading to such unions or institutions, that Contracting Party shall not be obliged to accord such advantages to investors of the other Contracting Party.
- 4 . The treatment granted under the present Article shall not extend to taxes, fees, charges and to fiscal deductions and exemptions granted by either Contracting Party to investors of third States by virtue of a double taxation agreement or other agreements regarding matters of taxation, or on the basis of reciprocity with a third State.
- 41 . Neither Contracting Party shall take any measures depriving, directly or indirectly, investors of the other Contracting Party of their investments unless the following conditions are complied with: A/ the measures are taken under reasons of necessity or public benefit and under due process of law; B/ the measures are not discriminatory or contrary to any undertaking which the former Contracting Party may have given; C/ the measures are accompanied by provision for the payment of just compensation. Such compensation shall be paid and made transferable without undue delay.
- 2 . Investors

of either Contracting Party whose investments suffer losses in the territory of the other Contracting Party owing to war or other armed conflict, state of emergency, revolt or riot, shall be accorded treatment no less favourable by such other Contracting Party than that Party accords to investors of any third State as regards restitution, indemnification, compensation or other valuable consideration. Such payments shall be freely transferable between the two Contracting Parties.<sup>51</sup> . The Contracting Parties shall guarantee the transfer of payments related to an investment. The transfers shall be made in a freely convertible currency, without undue restriction and delay. Such transfers include in particular, though not exclusively: A/ capital and additional amounts to maintain or increase the investment; B/ profits, interest, dividends and other current income; C/ funds in repayment of loans; D/ royalties or fees; E/ proceeds of sale or liquidation of the investment.<sup>6</sup> If the investments of an investor of the one Contracting Party are insured against non-commercial risks under a system established by law, any subrogation of the insurer or re-insurer into the rights of the said investor pursuant to the terms of such insurance shall be recognized by the other Contracting Party.<sup>7</sup> 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 a regulation, 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 regulation shall to the extent that it is more favourable prevail over the present Agreement.<sup>8</sup> Either Contracting Party may propose the other Party to consult on any matter affecting the operation of the present Agreement. The other Party shall accord sympathetic consideration to and shall afford adequate opportunity for such consultation.<sup>9</sup> 1 . Any dispute between the Contracting Parties concerning the interpretation or application of the present Agreement shall as far as possible be settled by the Governments of the two Contracting Parties.<sup>2</sup> . If the dispute cannot thus be settled within six months from the beginning of the negotiations, it shall upon the request of either Contracting Party be submitted to an arbitral tribunal.<sup>3</sup> . The arbitral tribunal shall be constituted as follows: each Contracting Party shall appoint one arbitrator and these two arbitrators shall agree upon a national of a third State as chairman. The arbitrators shall be appointed within three months, the chairman within five months from the date on which either Contracting Party has informed the other Contracting Party that it intends to submit the dispute to an arbitral tribunal.<sup>4</sup> . If one of the Parties fails to appoint its arbitrator and has not proceeded to do so within the specified period, the other Party may invite the Secretary General of the United Nations to make the necessary appointment. If the two arbitrators are unable to reach an agreement, in the specified period, on the choice of the third arbitrator, either Party may invite the Secretary General of the United Nations to make the necessary appointment.<sup>5</sup> . Unless the Parties decide otherwise, the tribunal shall determine its own procedure.<sup>6</sup> . The tribunal shall reach its decision by a majority of votes. Such decision shall be final and binding on the Parties.<sup>7</sup> . Each Contracting Party shall bear the cost of the arbitrator appointed by itself and of its representation. The cost of the chairman as well as the other costs will be borne in equal parts by the Contracting Parties.<sup>10</sup> 1 . Disputes between either Contracting Party and an investor of the other Contracting Party concerning an investment made by an investor of a Contracting Party in the territory of the other Contracting Party shall as far as possible be settled amicably between the parties concerned.<sup>2</sup> . If such disputes cannot be settled within six months from the date either party requested amicable settlement, the dispute shall, at the request of one of the parties concerned, be submitted to the competent tribunal of the Contracting Party in the territory of which the investment has been made. If the judgment were not passed within a period of eighteen months, the investor concerned and the Contracting Party in the territory of which the investment has been made, shall, upon agreement, submit the dispute to an arbitral tribunal.<sup>3</sup> . If the dispute concerning expropriation or nationalization cannot be settled within a period of eighteen months from the date on which the dispute was submitted to the competent tribunal of the Contracting Party in the territory of which the investment has been made, the investor concerned, may resort to an arbitral tribunal.<sup>4</sup> . The arbitral tribunal mentioned in paragraph /2/ and /3/ of this Article shall be set up for each case and will be competent to settle the dispute. The provisions of Article 9, paragraphs 3–7, shall be applied mutatis mutandis. Nevertheless, the President of the Arbitral Tribunal of the International Chamber of Commerce in Paris shall be invited to make the necessary appointments. paragraph /2/ and /3/ of this Article shall be set up for each case and will be competent to settle the dispute. The provisions of Article 9, paragraphs 3–7, shall be applied mutatis mutandis. Nevertheless, the President of the Arbitral Tribunal of the International Chamber of Commerce in Paris shall be invited to make the necessary appointments.<sup>5</sup> . No Contracting Party shall give diplomatic protection, or bring an international claim, in respect of a dispute which one of its investors and the other Contracting Party have submitted to the competent tribunal of the Contracting Party in the territory of which the investment has been made or to an arbitral tribunal, provided for in this Article, unless such other Contracting Party shall have failed to abide by and comply with the award rendered in such dispute.<sup>6</sup> . In case both Contracting Parties have become members of the Convention on the Settlement of Investment Disputes between States and Nationals of other States, opened for signature at Washington on 18 March 1965, disputes between either Contracting Party and the national of the other Contracting Party under the third paragraph of the present Article shall be submitted for settlement by conciliation or arbitration to the International Centre for Settlement of Investment Disputes. Convention on the Settlement of Investment Disputes between States and Nationals of other States, opened for signature at Washington on 18 March 1965, disputes between either Contracting Party and the national of the other Contracting Party under the third paragraph of the present Article shall be submitted for settlement by conciliation or arbitration to the International Centre for Settlement of Investment Disputes.<sup>7</sup> . Judgment of the competent tribunals in the sense of this Article means for the Oriental Republic of Uruguay, a judicial decision in a one and only instance.<sup>11</sup> 1 . The present Agreement shall enter into

force on the first day of the second month following the date an which the Contracting Parties have informed each other in writing that the procedures constitutionally required therefore in their respective countries have been complied with, and shall remain in force for a period of 15 years.<sup>2</sup> . Unless notice of termination has been given by either Contracting Party at least six months before the date of expiry of its validity, the present Agreement shall be extended tacitly for periods of 10 years, each Contracting Party reserving the right to terminate the Agreement upon notice of at least six months before the date of expiry of the current period of validity.<sup>3</sup> . In respect of investments made before the date of the termination of the present Agreement, the foregoing Articles thereof shall continue to be effective for a further period of 10 years from that date.

Conclusion

For the Government of the Hungarian People's Republic

For the Government of the Oriental Republic of Uruguay