AGREEMENT

BETWEEN

THE GOVERNMENT OF THE KINGDOM OF BAHRAIN

AND

THE GOVERNMENT OF THE REPUBLIC OF BULGARIA

FOR THE PROMOTION AND PROTECTION OF INVESTMENTS

The Government of the Kingdom of Bahrain and the Government of the Republic of Bulgaria;

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

Recognizing that the encouragement and reciprocal protection under international agreements of such investments will be conducive to the stimulation of individual business initiatives and will increase prosperity in both States;

Have agreed as follows:

ARTICLE 1
DEFINITIONS

For the purposes of this Agreement:

1.(a) The term "investments" means every kind of asset made by investors of one Contracting Party as investments in accordance with the laws and regulations of that Contracting Party accepting the investment in its territory and in particular, though not exclusively, includes;

(i) movable and immovable property and any other property rights such as mortgages, liens or pledges and any other similar rights defined in accordance with the laws and regulations of the Contracting Party in whose territory the property is situated;

(ii) shares in and stock and debentures of a company and any other form of participation in a company;

(iii) claims to money or to any performance under contracts having a financial value;

(iv) intellectual property rights, goodwill, technical processes and know-how;

(v) business concessions conferred by law or under contract;

(b) The term "returns" means the amounts yielded by an investment and includes in particular, though not exclusively, profits, income from debt claims, capital gains, dividends, royalties and fees.

(c) The term "investor" means:

(i) natural persons deriving their status as nationals of either Contracting Party according to its applicable law;

(ii) any company, organisation, partnership or other form of association incorporated or constituted in accordance with the legislation of either Contracting Party, with a seat in its territory, irrespective of whether it has or has not juridical personality.

(d) The term "territory" means:

(i) in respect 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

(ii) in respect of Bulgaria, the territory under the sovereignty of the Republic of Bulgaria including the territorial sea, the Continental Shelf and any exclusive economic zone over which the Republic of Bulgaria exercises sovereign rights and jurisdiction in accordance with International Law.

2. A change in the form in which assets are made as investments by investors of one Contracting Party does not affect their character as investments provided that such a change does not contradict the laws of the Contracting Party in the territory of which investments are made.

ARTICLE 2
PROMOTION AND PROTECTION OF INVESTMENTS

1. Each Contracting Party shall encourage and create favourable conditions for investors of the other Contracting Party to make investments in its territory, and, subject to its right to exercise powers conferred by its laws and regulations, shall admit such investments.

2. Investments of investors of each Contracting Party shall at all times be accorded fair and equitable treatment and shall enjoy full protection and security in the territory of the other Contracting Party. Neither Contracting 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 Contracting Party. Each Contracting Party shall observe any obligation it may have entered into with regard to investments of investors of the other Contracting Party.

ARTICLE 3
NATIONAL TREATMENT AND MOST-FAVOURED-NATION PROVISIONS

1. Neither Contracting Party shall in its territory subject investments or returns of investors of the other Contracting Party to treatment less favourable than that which it accords to investments or returns of its own investors in accordance with its legislation or to investments or returns of investors of any third State.

2. Neither Contracting Party shall in its territory subject investors of the other Contracting Party, as regards their management, maintenance, use, enjoyment or disposal of their investments, to treatment less favourable than that which it accords to its own investors in accordance with its legislation or to investors of any third State.

3. Unless specifically excepted the treatment provided for in paragraphs (1) and (2) above shall apply to the whole of this Agreement.

ARTICLE 4
EXCEPTIONS

The provisions of this Agreement relating to the granting of treatment not less favourable than that accorded to the investors of any third State shall not be construed so as to oblige one Contracting Party to extend to the investors of the other Contracting Party the benefit of any treatment, preference or privilege resulting from:

(a) participation in, or association with any existing or future customs union, economic or monetary union, common market or free trade area or similar international agreement, or other forms of regional co-operation to which either of the Contracting Parties is or may become a party to; or

(b) any international agreement or arrangement or any domestic legislation, relating wholly or mainly to taxation.

ARTICLE 5
COMPENSATION FOR LOSSES

1. Investors of one Contracting Party whose investments in the territory of the other Contracting Party suffer losses owing to war or other armed conflict, revolution, state of national emergency, revolt, insurrection or riot 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 investors of any third State. Any resulting payments shall be freely transferable.

2. Without prejudice to paragraph (1) of this Article investors of one Contracting Party who in any of the situations referred to in that Article suffer losses in the territory of the other Contracting Party resulting from:

   (a) requisitioning of their property by its forces or authorities; or

   (b) destruction of their property by its forces or authorities, which was not caused in combat action or was not required by the necessity of the situation,

   shall be accorded restitution or adequate compensation. Payments resulting therefrom shall be made in a freely transferable and convertible currency.

ARTLCLE 6
EXPROPRIATION

1. Investments of investors of either Contracting Party shall not be nationalised, expropriated, or subjected to procedures having an effect equivalent to nationalisation or expropriation (hereinafter referred to as "expropriation") in the territory of the other Contracting Party except for a public purpose relevant to the internal needs of that Contracting Party under due process of law on a non-discriminatory basis and against prompt, adequate and effective compensation. Such compensation shall amount to the market value of the investment expropriated immediately before the expropriation or before the impending expropriation became public knowledge, whichever is the earlier and shall be paid without delay, be effectively realisable and be made in a freely transferable and convertible currency. In case of delay extra compensation shall be paid for the period of delay at the rate applicable in the territory of the Contracting Party making the expropriation until the date of payment.

2. The investor affected shall have a right under the law of the Contracting 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 paragraph (1) of this Article.

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 its 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 so as to guarantee prompt, adequate and effective compensation in respect of their investment to such investors of the other Contracting Party who are owners of those shares.

ARTICLE 7
RE-PATRIATION OF INVESTMENTS AND RETURNS

1. Each Contracting Party shall accord to the investors of the other Contracting Party, after the fulfilment of all their tax obligations, the right of free transfer of:

   (a) capital and additional amounts intended to maintain or increase the investment;

   (b) returns from the investment;

   (c) proceeds obtained from the total or partial liquidation of the investment;

   (d) the sums required for payment of the expenses, which arise from the operation of the investment such as; loan repayments; payments for patents or licence fees; and payment of other expenses;

   (e) compensation payable in accordance with Article 6 herein, as well as compensation due in connection with damages from non-commercial risks;

   (f) the remuneration received by the nationals of the other Contracting Party for work or services done in connection with investments made in its territory, in accordance with its laws and regulations.

2. The transfers referred to in the preceding paragraph shall be made without delay in a freely convertible currency at the exchange rate prevailing on the date of the transfer in the territory of the Contracting Party where the investment was made.

3. The provisions of paragraphs (1) and (2) of this Article shall apply without prejudice to any measures adopted by either party as a result of their membership of either the Cooperation Council for the Arab States of the Gulf or the European Union.

ARTICLE 8
SETTLEMENT OF DISPUTES BETWEEN AN INVESTOR AND A HOST STATE

1. Disputes between an investor of one Contracting Party and the other Contracting Party concerning an obligation of the latter under this Agreement, in relation to an investment of the former, shall, as far as possible, be settled through negotiations.

2. If such dispute cannot be settled within six months from the date either party requested settlement through negotiations, the investor concerned may submit the dispute to:

   (a) the competent court of the Contracting Party concerned; or

   (b) international arbitration under:

      (i) The arbitration rules of the United Nations Commission on International Trade law (UNCITRAL); or

      (ii) The International Centre for the Settlement of Investment Disputes set up by the Convention for Investment Disputes between States and Nationals of other States done in Washington, 18th March 1965 (ICSID).

3. If an investor submits a claim to one of the authorities mentioned in paragraphs 2 (a) and (b) of this Article, then the investor shall have no right to submit the claim for adjudication to any other authority.

4. The award shall be final and binding on both Parties to the dispute and enforced in accordance with the domestic law of the Contracting Party concerned.

ARTICLE 9
DISPUTES BETWEEN THE CONTRACTING PARTIES

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

2. If a dispute between the Contracting Parties cannot be settled through diplomatic channels, it shall upon the request of either Contracting Party be submitted to an arbitration tribunal.

3. Such an arbitration 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 of 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 arbitration tribunal shall reach its decision by a majority of votes. Such decision 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 arbitration 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 final and binding on both Contracting Parties. The tribunal shall determine its own procedure.

ARTICLE 10
SUBROGATION

1. If one Contracting Party or its designated Agency makes a payment under an indemnity given in respect of an investment in the territory of the other Contracting Party, the latter Contracting Party shall recognise the assignment to the former Contracting Party or its designated Agency by law or by local transaction of all the rights and claims of the party indemnified and that the former Contracting Party or its to designated Agency is entitled to exercise such rights and enforce such claims by virtue of subrogation, to the same extent as the party indemnified.

2. The subrogation in the rights and claims of the insured investor shall further extend to the right of transfer mentioned in Article 7 of this Agreement.

ARTICLE 11
APPLICATION OF OTHER RULES

1. If the laws 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.

2. The provisions of this Agreement shall not prevent either party from executing their obligations arising from membership of either the Cooperation Council for the Arab States of the Gulf (GCC) or the European Union.

ARTICLE 12
APPLICATION OF THE AGREEMENT

This Agreement shall also apply to investments which are made prior to the entry into force of this Agreement provided there is no conflict with this Agreement and the laws and regulations of the Contracting Party in which the investments are made. However, the Agreement shall not apply to disputes that have arisen before its entry into force.

ARTICLE 13
ENTRY INTO FORCE

Each Contracting Party shall notify the other of the completion of the constitutional formalities required for the entry into force of this Agreement. This Agreement shall enter into force on the date of the latter of the two notifications.

ARTICLE 14
DURATION AND TERMINATION

1. This Agreement is signed for a period of ten years and shall continue in force thereafter for an unlimited period unless denounced in writing by either Contracting Party giving 12 months notice.

2. The Contracting Parties may at any time, either before the completion of its original duration or after the expiry of the said duration, terminate this Agreement with 12 months written notice.

3. This Agreement may be amended by the mutual consent of the Contracting Parties. Such amendments shall be in the form of Protocols, which shall be integrated into this Agreement and shall enter into force in accordance with the provisions set out in Article 13 herein.

4. In respect of investments made prior to the date when the notice of termination under paragraph 1 or 2 of this Article becomes effective, the provisions of this Agreement shall continue to be effective for a period of ten years from the date of termination of this Agreement.

IN WITNESS WHEREOF, the undersigned and duly authorised representatives of their respective Governments have signed this Agreement.

Done in duplicate at Sofia this 26th day of June 2009 in the Arabic, Bulgarian and English languages, all texts being equally authentic. In the event of any conflict of interpretation, the English text will prevail.

FOR THE GOVERNMENT OF
THE KINGDOM OF BAHRAIN

FOR THE GOVERNMENT OF
THE REPUBLIC OF BULGARIA