AGREEMENT
BETWEEN
THE GOVERNMENT OF THE KINGDOM OF BAHRAIN
AND
THE GOVERNMENT OF THE KINGDOM OF THAILAND
FOR THE PROMOTION AND PROTECTION OF INVESTMENTS

The Government of the Kingdom of Bahrain and the Government of the Kingdom of Thailand, hereinafter referred to as "Contracting Parties";

Desiring to create favourable conditions for greater economic cooperation between them and, in particular, for the investments by investors of one Contracting Party in the territory of the other Contracting Party;

Recognising that the encouragement of such investments and the reciprocal protection of investments under international agreement will be conducive to the stimulation of individual business initiative and will increase prosperity in both States,

Have agreed as follows:

ARTICLE 1
Definitions

For the purposes of this Agreement:

1. the term "investors" shall mean with regard to either Contracting Party:

(a) any natural persons who possesses the nationality of either Contracting Party in accordance with the law in force in the territory of that Contracting Party;

(b) any juridical persons such as corporations, firms, business associations incorporated or constituted under the law in force in the territory of either Contracting Party whether or not with limited liability and whether or not for pecuniary profit;

2. the term "investments" shall mean every kind of asset, including, in particular, but not exclusively;

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

(b) shares, stock and debentures of companies wherever incorporated or interests in the property of such companies;

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

(d) intellectual property rights, industrial property rights, and other similar rights as recognised by the law of the Contracting Party in whose territory the investment is made;

(e) business concessions conferred by law or under contract, including concessions to search for, cultivate, extract or exploit natural resources;

3. the term "returns" shall mean the amounts yielded by an investment and, in particular, though not exclusively, shall include profit, interest, capital gains, dividends, royalties or fees;

4. the term "territory" means in respect of each Contracting Party, the territory under the sovereignty of that Contracting Party including the territorial sea, the Continental Shelf and any exclusive economic zone over which a Contracting Party exercises sovereign rights and jurisdiction in accordance with International Law;

5. the term "expropriation" shall also include acts of sovereign power which are tantamount to expropriation, as well as measures of nationalization.

ARTICLE 2
Scope of Application

1. The benefits of this Agreement shall apply to the investments by the investors of one Contracting Party in the territory of the other Contracting Party which is specifically approved in writing by competent authority in accordance with the laws and regulations of the latter Contracting Party.

2. For the purposes of this Agreement a change in the form in which assets are utilised as investments does not affect their character as investments provided that such a change is made in accordance with the laws of the Contracting Party in the territory of which investments are made; and

3. This Agreement may on the mutual agreement of the Contracting Parties be extended to investments which are made prior to the entry into force of this Agreement provided that they are made in accordance with the laws and regulations of the Contracting Parties and the provisions of this Agreement.

ARTICLE 3
Promotion and Protection of Investments

1. Each Contracting Party shall encourage and create favourable conditions for investors of the other Contracting Party to invest 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.

ARTICLE 4
Treatment of Investments

1. (a) Investments of investors of one Contracting Party in the territory of the other Contracting Party, and also the returns therefrom shall receive treatment which is fair and equitable and not less favourable than that accorded in respect of the investments and returns of the investors of the latter Contracting Party or of any third State.

(b) Each Contracting Party shall in its territory accord to investors of the other Contracting Party as regards the management, maintenance, use, enjoyment or disposal of their investments, treatment which is fair and equitable and not less favourable than that which it accords to its own investors or to the investors of any third State.

(c) All the provisions of this Agreement relative to the grant of treatment not less favourable than that accorded to the investors of any third State shall be interpreted as meaning that such treatment shall be accorded immediately and unconditionally.

(d) Wherever this Agreement makes alternative provision for the grant of national treatment or of treatment not less favourable than that accorded to the investors of any third State in respect of any matter, the option as between these alternatives shall rest with the Contracting Party beneficiary in each particular case.

2. Each Contracting Party shall observe any obligation, additional to those specified in this Agreement, into which it may have entered with regard to investments of investors of the other Contracting Party.

ARTICLE 5
Exceptions

The provisions of this Agreement relating to the grant of treatment not less favourable than that accorded to the investors of either Contracting Party or 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 which may be extended by the former Contracting Party by virtue of:

(a) the formation or extension of a customs union or a free trade area or a common external tariff area or a monetary union or a regional association for economic cooperation; or

(b) the adoption of an agreement designed to lead to the formation or extension of such a union or area; or

(c) any arrangement with a third country or countries in the same geographical region designed to promote regional cooperation in the economic, social, labour, industrial or monetary fields within the framework of specific projects; or

(d) special rights and benefits granted to a particular "investor" under the laws of promotion of investments of either Contracting Party; or

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

ARTICLE 6
Expropriation and Compensation for Losses

1. (a) In any case where investments of a investor of one Contracting Party are subjected, directly or indirectly, to any measure of expropriation, the investor concerned shall be accorded in the territory of the other Contracting Party fair and equitable treatment in relation to any such measure. No such measure shall be taken except for public purposes and against payment of compensation. Such compensation shall be adequate, effectively realisable, made without delay and freely transferable in freely usable currencies.

(b) The legality of any expropriation and the amount and method of payment of compensation shall be subject to review by due process of law.

2. Where a Contracting Party expropriates asset of a company which is incorporated or constituted under the law in force in any part of its territory, and in which a investor of the other Contracting Party owns shares, it shall ensure that the provisions of paragraph 1 of this Article are applied to the extent necessary to guarantee compensation as specified therein to such investor of the other Contracting Party who is the owner of those shares.

3. Where investments of an investor of one Contracting Party in the territory of the other Contracting Party suffer loss owing to war or other armed conflict, revolution, a state of national emergency, revolt, insurrection or riot in the territory of the other Contracting Party, the investor concerned shall be accorded treatment, as regards restitution, indemnification, compensation or other settlement, not less favourable than would be accorded in the same circumstances to an investor of the other Contracting Party or to an investor of any third State.

4. Without prejudice to the foregoing provisions of this Article, the investors of one Contracting Party shall, in respect of any matter dealt with therein, be accorded in the territory of the other Contracting Party treatment not less favourable than accorded to the investors of the latter Contracting Party or of any third State.

ARTICLE 7
Transfers of Investments and Returns

Each Contracting Party shall guarantee to the investors of the other Contracting Party the free transfer of the capital of, and the returns from, their investments, as well as the payment of compensation under Articles 6, 9, and 10 without undue delay in freely usable currencies at the market rate of exchange prevailing on the date of transfer.

ARTICLE 8
Subrogation

1. If either Contracting Party or an agency designated by it makes payment to an investor under a policy of insurance covering non-commercial risks, which it has given in respect of any investment or any part thereof in the territory of the other Contracting Party, the latter Contracting Party shall recognise:

(a) the assignment, whether under law or pursuant to a legal transaction, of any right or claim from such an investor to the former Contracting Party or its designated agency; and

(b) that the former Contracting Party or its designated agency is entitled by virtue of subrogation to exercise the rights and enforce the claims of such an investor.

2. The former Contracting Party or its designated agency shall, accordingly, be entitled to assert, if it so desires, any such right or claim to the same extent as its predecessor in title.

3. If the former Contracting Party acquires amounts in the lawful currency of the other Contracting Party or credits thereof by virtue of an assignment under subparagraph (a) of paragraph 1 of this Article, such amounts and credits shall be freely available to the former Contracting Party for the purpose of meeting its expenditure in the territory of the latter Contracting Party.

ARTICLE 9
Settlement of Disputes Between a Contracting Party and An Investor of Another Contracting Party

1. All kinds of disputes or differences, including disputes over the amount of compensation for expropriation or similar measures, between a Contracting Party and an investor of the other Contracting Party concerning an investment or return of investment of that investor in the territory of the other shall be settled amicably through negotiation.

2. If such disputes or differences cannot be settled according to the provisions of paragraph (1) of this Article within three months from the date of request for settlement, the investor concerned may submit the dispute to:

(a) the competent court of the Contracting Party for decision; or

(b) the International Centre for Settlement of Investment Disputes in case both Contracting Parties are Contracting States to the Convention on the Settlement of Investment Disputes between States and Nationals of other States, opened for signature at Washington D.C. on March 18, 1965.

(c) an ad-hoc arbitral tribunal in accordance with the arbitration rules of the United Nations Commission on International Trade Law of 1976.

Any judicial decision or arbitral awards shall be final and binding on the parties to the dispute and each Contracting Party shall execute such decisions or awards in accordance with its laws.

ARTICLE 10
Settlement of Disputes between the Contracting Parties

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

2. If a dispute between the Contracting Parties can not thus be settled within six months, it shall at the request of either Contracting Party, be submitted to an arbitral tribunal.

3. Such an arbitral tribunal shall be constituted for each individual case as follows:

(a) each Contracting Party shall appoint one member, and these 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;

(b) the said members shall be appointed within three months, and the Chairman within four months, from the date on which either Contracting Party shall have informed the other Contracting Party that it proposes to submit the dispute to an arbitral tribunal.

4. If, within the periods specified in paragraph 3 of this Article, the necessary appointments been made, either Contracting Party may, in the absence of any other relevant agreement, invite the President of the International Court of Justice to make the 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. (a) The arbitral tribunal shall reach its decision by a majority of votes. Such decision shall be binding on both Parties.

(b) Subject to the power of the arbitral tribunal to give a different ruling concerning costs, the cost of its own member and of its representation in the arbitral proceedings shall be borne by each Contracting Party and the cost by each Contracting Party and the cost of the Chairman and the remaining costs shall be borne in equal parts by the two Contracting Parties.

(c) In all respects other than those specified in subparagraphs (a) and (b) of this paragraph, the arbitral tribunal shall determine its own procedure.

ARTICLE 11
Application of Other Rules

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.

ARTICLE 12
Entry into Force, Duration and Termination

1. This Agreement shall enter into force on the date of the last notification through which the Contracting Parties mutually inform each other of the fulfillment of the domestic procedures regarding the approval of this Agreement and shall be valid for the period of five years. This Agreement shall be automatically renewed for a successive period of one year if neither of the Contracting Parties notifies the other in writing of its intention to terminate it not later than six months prior to the expiry date of this Agreement.

2. In respect of investments made prior to the date when the notice of termination of this Agreement becomes effective, the provisions of Articles 1 to 11 shall remain in force for a further period of ten (10) years from the date of termination of the present Agreement

IN WITNESS WHEREOF, the undersigned, duly authorised thereto by their respective Governments, have signed this Agreement.

DONE in duplicate, at Bangkok, on this 21st day of May, 2002, in the Arabic, Thai, and English languages, all texts being equally authentic. In the event of any conflict of interpretation, the English text shall prevail.

FOR THE GOVERNMENT OF THE KINGDOM OF BAHRAIN	**FOR THE GOVERNMENT OF THE KINGDOM OF THAILAND**
(Abdullah Hassan Saif) **Minister of Finance** **and National Economy**	**(Somkid Jatusripitak)** **Deputy Prime Minister** **and Minister of Finance**