

AGREEMENT

BETWEEN THE GOVERNMENT OF THE REPUBLIC OF CYPRUS AND THE GOVERNMENT OF THE HUNGARIAN PEOPLE'S REPUBLIC ON OF MUTUAL PROMOTION AND PROTECTION OF INVESTMENTS

The Government of the Republic of Cyprus and the Government of the Hungarian People's Republic.

Desiring to expand and develop their mutual relations in the fields of economic, industrial, scientific and technological cooperation on a long-term basis,

Having as their objective the creation of favourable conditions for investments by investors of one Contracting Party in the territory of the other Contracting Party,

Have agreed the following:

ARTICLE 1

For the purposes of this 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 property rights 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.

These investments shall be made in compliance with the laws and regulations and any written permits that may be required thereunder of the Contracting Party in the territory of which the investment has been made.

A possible change in the form in which the investments have been made does not affect their substance as investments, provided that such a change does not contradict the laws and regulations and written permits of the Contracting Parties.

2. The term "income" means those net amounts received from the investments for a certain period of time, such as shares of profits, dividends, interest, royalties and other fees, proceeds from total or partial liquidation of the investments, as well as any other sums emanating from such investments which are considered as income under the laws of the host country.

3. The term "investor" shall comprise with regard to either Contracting Party:

- (a) Natural persons having the citizenship of that Contracting Party in accordance with its law;
- (b) legal persons constituted or incorporated in compliance with the law of that Contracting Party

who, in compliance with this Agreement are making investments in the territory of the other Contracting Party.

ARTICLE 2

1. Each Contracting Party shall promote in its territory the investments by investors of the other Contracting Party.

2. Investments permitted in compliance with the laws and regulations of the Contracting Party in the territory of which they are made, enjoy the protection of the present Agreement.

3. In cases of approved re-investments, the incomes ensuing therefrom enjoy the same protection as the original investments.

4. The present Agreement shall apply to all investments made in the territory of either Contracting Party by investors of the other Contracting Party after 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 in the public interest and under due process of law;
- (b) the measures are not discriminatory;
- (c) the measures are accompanied by provision for the payment of just compensation.

2. The amount of compensation must correspond to the market value of the expropriated investments at the moment of the expropriation.

3. The amount of this compensation may be estimated according to the laws and regulations of the country where the expropriation is made.

4. The compensation must be paid without undue delay upon completion of the legal expropriation procedure, but not later than three months upon completion of this procedure and shall be transferred in the currency in which the investment is made. In the event of delays beyond the three-months' period, the Contracting Party concerned shall be liable to the payment of interest based on prevailing rates.

5. Investors of either Contracting Party who suffer losses of their investments in the territory of the other Contracting Party due to war or other armed conflict or state of emergency in the territory of the other Contracting Party, shall be treated, with respect to the compensations for these losses, as investors of any third State.

ARTICLE 5

1. In compliance with its regulations in force, either Contracting Party will permit the investors of the other Contracting Party to transfer, in any convertible currency, income from investments and proceeds from total or partial liquidation of the investments.

2. The transfer will be made within reasonable time, which is usually required for the observance of all formalities in transfer of amounts, starting from the day on which the request for the transfer has been made.

ARTICLE 6

1. Disputes between the Contracting Parties concerning the interpretation and application of this Agreement should be settled through diplomatic channels.

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 President of the International Court of Justice 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 President of the International Court of Justice to make the necessary appointment.

5. The arbitral tribunal shall decide on the basis of respect for the law, including particularly the present Agreement and other relevant agreements existing between the two Contracting Parties and the universally acknowledged rules and principles of international law.

6. Unless the Parties decide otherwise, the tribunal shall determine its own procedure.

7. The tribunal shall reach its decision by a majority of votes. Such decision shall be final and binding on the Parties.

8. 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 7

1. Any dispute between either Contracting Party and the investor of the other Contracting Party concerning expropriation of an investment shall, as far as possible, be settled by the disputing parties in an amicable way.

If such disputes cannot be settled within six months from the date either party requested amicable settlement, it shall, upon request of the investor, be submitted to one of the following:

- (a) The Arbitration Institute of the Arbitral Tribunal of the Chamber of Commerce in Stockholm;
- (b) the Arbitral Tribunal of the International Chamber of Commerce in Paris;
- (c) the International Centre for the Settlement of Investment Disputes in case both Contracting Parties have become members of the Convention of 18 March 1965 on the Settlement of Investment Disputes between States and Nationals of Other States.

ARTICLE 8

Representatives of the Contracting Parties shall whenever necessary hold meetings in order to review the implementation of this Agreement. These meetings shall be held on the proposal of one of the Contracting Parties at a place and at a time agreed upon through diplomatic channels.

ARTICLE 9

1. Either Contracting Party will permit in accordance with its laws, regulations and administrative practices followed, the entrance and stay of the investors, employees and workers of the other Party who are involved in activities connected with the investments.

2. The Contracting Parties shall not exclude or hinder the transport agencies of the other Contracting Party and whenever necessary, shall issue permits for the transportation of goods and persons in connection with the investments made.

ARTICLE 10

1. This Agreement shall enter into force thirty days after the date on which the Contracting Parties have notified each other that the constitutional requirements for the entry into force of this Agreement have been fulfilled.

2. This Agreement is concluded for a period of 10 years. Its validity shall be extended for an indefinite period of time unless either Contracting Party notifies in writing, at least 6 months prior to its expiry, the other Contracting Party of its wish to terminate the Agreement. After the ten-year period of validity each Contracting Party has the right to terminate the Agreement upon a 6-months' written notice. The termination shall become effective 6 months after the notification has been received by the other Contracting Party.

3. In respect of investments made prior to the date when the termination of this Agreement becomes effective, the provisions of this Agreement remain in force for a further period of 15 years from that date.

DONE at Budapest this 24th day of May 1989 in two originals in the English language, both texts being equally authentic.

FOR THE GOVERNMENT OF THE
REPUBLIC OF CYPRUS

FOR THE GOVERNMENT OF THE
HUNGARIAN PEOPLE'S REPUBLIC