

**AGREEMENT  
BETWEEN  
THE GOVERNMENT OF THE HASHEMITE KINGDOM OF JORDAN AND  
THE GOVERNMENT OF THE STATE OF BAHRAIN  
ON THE MUTUAL PROMOTION AND PROTECTION OF INVESTMENTS**

The Government of the Hashemite Kingdom of Jordan and the Government of the State of Bahrain, hereinafter referred to as "the Contracting parties", desiring to develop the relations of economic cooperation existing between the two countries and to create favorable conditions for investors of one Contracting party in the territory of the other Contracting Party, Recognizing the need to protect investments of the two Contracting Parties and to stimulate the flow of capital and individual initiatives in business with view to the economic prosperity of both states.

Have agreed as follows:

**Article 1**

**Definitions**

For the purpose of this agreement:

- 1- The term "Investment" means every kind of assets and more particularly though not exclusively:
  - A Movable and immovable property rights as well as any other rights in rem; such as mortgages, lines and pledges and guarantees.
  - B Shares, stocks and debentures and other kinds of interests in companies.
  - C Titles to money or to any performance having an economic value.
  - D Intellectual and industrial property rights, including rights with respect to copy rights patents, trademarks, trade names, industrial designs, trade secrets, technological processes, know-how and goodwill;
  - E Business concessions conferred by law or by virtue of a contract, including concessions to search for, develop, extract or exploit natural resources.  
Any alteration of the form in which assets are invested or reinvested or shall not affect their character as investment. Provided that such alteration shall be in accordance with the effective laws in the territory of the party in which the investments established.
- 2- The term "returns" means amounts yielded by an investment and in particular, though not exclusively, includes profits, interests, dividends, capital gains, royalties and fees.

3- The term "Investor" means

any physical person holding nationality or permanent residency of Contracting Party according to the laws of that party; or any company with legal personality or partnership firms, joint ventures, organization, association or enterprise established or incorporated under the laws of a Contracting Party.

4- The term "territory" means.

A In respect of The Hashemite Kingdom of Jordan : all territories of The Hashemite Kingdom of Jordan in which Jordan has authority is underneath the ground what surface in which it has sovereign rights and jurisdiction according to the international law.

B In respect of the State of Bahrain : the State of Bahrain soil, territorial waters and along the sea and the seabed of the waters adjacent to the shores of the State of Bahrain available beyond the territorial water and the special economic zone on which Bahrain has sovereign rights according to its law and the international law for the purpose of exploring and exploiting natural resources (The Continental Shelf)

## **Article 2**

### **Promotion and Protection of Investments**

- 1- Each Contracting Party shall encourage and create favorable conditions for investments made in its territory by investors of the other Contracting party, and accepts such investment according to its laws and national policies.
- 2- Investments of investors from any of the two Contracting Parties shall be treated at all times with fair equitable treatment and enjoy complete and adequate protection and security in the territory of the other Contracting Party.
- 3- The investments returns which re-invested in accordance with laws and regulations of the host contracting party enjoy the same protection and concessions granted to the original investments.

## **Article 3**

### **Most Favoured Nation Treatment**

- 1- Each Contracting Party shall accord to the investments made in its territory by investors of the other Contracting Party a treatment not less favourable than that which in accords in like situation to investments of investors of any third State .
- 2- Each Contracting Party shall accord to the investors of the other Contracting

Party , as regard management , maintenance , use or disposal of their investments , a treatment not less favourable than that which it accords to investors of any third State .

3- The provisions of this Agreement relating to the granting of the most favoured nation treatment , shall not be construed so as to oblige one Contracting Party to extend to the investors of the other Contracting Party the advantages Party the advantages resulting from :

A any economic or custom union , a free trade area or region economic organization , to which either of the Contracting Party is or may become a Party.

B any international or regional agreement or other arrangement relating wholly or mainly to taxation or any domestic legislation relating wholly or mainly to taxation .

#### **Article 4**

##### **Expropriation**

Any Contracting Party is not allowed to take expropriation or nationalization measures against the investments of any investor from the other Contracting party, unless the following conditions are fulfilled:

1- The measures are adopted for legal purpose and in accordance with due process of law.

2- Without prejudice to the provisions of paragraph (1) above of this article, the rights of the investors of either contracting party shall be returned of they shall receive fair and adequate compensation and guaranteed free transfer of the amounts of such compensation if they suffered any losses in any of the situations referred to in that paragraph in the territory of the other contracting party as a result to:

A Expropriation of all or part of their investments by the other contracting forces of authorities.

B Destruction of all or part of their investments by the other contracting party forces or authorities if such destruction did not occur in battle or required due to the necessity of the situation.

#### **Article 5**

##### **Expropriation**

1- Investments made by investors of one contracting party in the territory of the other contracting party shall not be expropriated, nationalized or subjected to

other measures having similar effect (hereinafter referred to as "expropriation"), unless such measure is adopted in the public & interest and on non-discriminatory basis and for fair and effective compensation paid immediately provided that such compensation shall cover the true value of the investments immediately prior to nationalization or before the announcement of nationalization (whichever is first) and that compensation includes interests determined at the ordinary commercial interest rate from the date of nationalization until the payment date.

Such compensation shall be paid without delay and to grant the beneficiary investor the right to freely transfer it.

And the investors who suffered as a result to such action have the right to refer it to the national courts or any other independent authority of the contracting party in the territory in which the nationalization has been made to consider the nationalization issue and to assess the effected investments according to the principles mentioned in this paragraph.

- 2- Where a contracting party nationalize assets of a company incorporated in accordance with the laws applicable in any party of his territory, and the investors of the other contracting party have shares in that company, then the contracting party who conducted the nationalization shall undertake to apply the provisions of paragraph (1) of this article to the extent required to guarantee granting immediate and fair compensation for the investors of the other contracting party who own the mentioned shares.

## **Article 6**

### **Free Transfer**

- 1- Each Contracting party shall allow in accordance with its laws, regulations and national policies without undue delay the free transfer in any freely convertible currency:
  - A Net profits, dividends, returns, technical assistance, technical fees and interest and other current income resulted form the investments of the investors of the other Contracting Party.
  - B The proceeds accruing from total or partial sale or liquidation of an investment of the investors of the other Contracting Party.
  - C Funds allocated for settlement of debts and loans provided by investors of one Contracting Party to the investors of the other Contracting Party of what the two parties consider investment.
  - D Income and earnings of employees of either Contracting Party allowed to work in connection of investment in the territory of the other Contracting Party.
- 2- The rates of exchange applied on transfers mentioned in paragraph (1) of this

article are the same rates of exchange in force at the date of the transfer and in accordance with the rates of exchange in the host state.

- 3- The Contracting Party which the investment are invested in its territories undertakes to accord the transfers mentioned in paragraph (1) of this article a treatment not less favorable than that which it accords to investors of any third party.

## **Article 7**

### **Settlement of dispute between the Investor and the Host State.**

All disputes related to investments between any of the two contracting parties and an investor from the other contracting party concerning his investment, if the dispute can not be settled friendly within six months of the dispute notification date by either party it may submitted by the investor request either to:

- A Either according to arbitration rules of the U.N commission for arbitration of the international trade law (UNCITRAL) for 1976 and its amendment or any other arbitration rules established by the committee.
- B Or according to the provisions of the chapter related to disputes settlement of the consolidated agreement for Arab capital investment in the Arab country for 1986.
- C The international center for the settlement of investment dispute according to procedure provided for in the convention on settlement of investment disputes between states and nationals of other states, opened for signature at Washington on 18 March 1965.
- D Or to the local judicial authorities for of the other contracting party hosting the investment. Any if the investor chose to submit the case to any of the bodies mentioned above , he will not be able to file it to any other body.

## **Article 8**

- 1- Disputes as to interpretation or application of provisions of this agreement shall be settled through diplomatic channels.
- 2- If such a dispute cannot thus be settled in accordance with item (1) above within six months after the commencement of the negotiations, it shall, upon the request of either Contracting Party, be submitted to a special arbitral tribunal.
- 3- The arbitral tribunal formed for each case as follows: each Contracting Party shall appoint one arbitrator and these two arbitrators shall nominate a chairman

who shall be a national of a third state. The chairman to be appointed within 2 months maximum from the date of receiving the arbitration notification.

- 4- If which any of the periods specified in paragraph (3) the necessary appointments of the arbitral tribunal members have not been made, either contracting party may invite the president of the international court of justice to make any necessary appointments, unless he is a national of either contracting party or if he is otherwise prevented from discharging this function, the Vice-president of the international court of justice shall be invited to make the necessary appointments, if he is not national of either contracting party, or if he is otherwise prevented from discharging this function, the most senior member of the international court of justice, who is not a member of either contracting party, shall be invited to make the appointments.
- 5- The arbitral tribunal takes its decision by majority votes and its decision shall be binding. Each contracting party shall bear the cost of the arbitrator it has appointed and of its representation. The cost of the chairman and the remaining costs shall be borne equally by the contracting parties, and the arbitral tribunal determines its procedures.

## **Article 9**

### **Principle of subrogation**

- 1- Where one Contracting Party has granted any financial security against non-commercial risks in respect of an investment in the territory of the other Contracting Party, the other contracting party shall recognize the rights of the first Contracting Party legal assignee by virtue of a legal document and it includes all rights and claims of the party who received the compensation and recognizes the right of the first party or its assignee to practice such right principle of subrogation to the rights of its nationals to the extent and limits practiced by the party guaranteed or compensated.
- 2- Any payments received by the first contracting party or its assignee in non-convertible currency according to gained rights and claims, shall be available for free disposal by the first contracting party for the purpose to cover any expenses that occur in the territory of the other contracting party.

## **Article 10**

### **Application of other Provisions**

If the provisions of the applicable laws in the territory of either contracting party, or the liabilities according to the international law applied at the time being or will come into force at a later date after signing of this agreement in addition to the provisions of this agreement that include general or specific provisions authorize the investment of the investors of the other contracting party to be granted more favorable treatment than the one provided by the

present agreement, such provisions shall over ride the provisions of the present agreement to the extent of its more favorable treatment.

## **Article 11**

### **Application scope on Investments**

This Agreement apply to investments established prior and after the effective date of this Agreement shall have no effect on disputes occurred prior to the date of its entry into force.

## **Article 12**

This Agreement shall enter into force thirty days after the receipt of the later of notifications showing the completion of both parties the constitutional requirements required for the entry into force of this Agreement.

## **Article 13**

### **Entry into Force , Duration and Termination**

The Agreement shall remain in force for a period of ten years and thereafter shall remain in force except the case of denunciation in writing by one of the Contracting Parties one year before the expiry date . After the expiry of the initial period , the Agreement may denounced any time with not less than one year written notice .

In respect of investments made whilst the Agreement is in force , its provisions shall continue to be effective for a further period of ten years from the date of termination according to the provisions of the general international law.

In witness thereof, the undersigned duly authorized y their governments signed this agreement.

Done at Bahrain on Feb. 8<sup>th</sup>, 2000 in two original copies , in the Arabic , English and Romania languages .

**FOR THE GOVERNMENT OF THE  
HASHEMITE KINGDOM OF JORDAN**

**FOR THE GOVERNMENT  
OF BAHRAIN**