No. 27032

UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND
and
HUNGARY

Agreement for the promotion and reciprocal protection of investments. Signed at Budapest on 9 March 1987

Authentic texts: English and Hungarian.

Registered by the United Kingdom of Great Britain and Northern Ireland on 19 January 1990.

ROYAUME-UNI DE GRANDE-BRETAGNE ET D'IRLANDE DU NORD
et
HONGRIE

Accord relatif à l'encouragement et à la protection réciproque des investissements. Signé à Budapest le 9 mars 1987

Textes authentiques : anglais et hongrois.

Enregistré par le Royaume-Uni de Grande-Bretagne et d'Irlande du Nord le 19 janvier 1990.

AGREEMENT[1] BETWEEN THE GOVERNMENT OF THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND AND THE GOVERNMENT OF THE HUNGARIAN PEOPLE'S REPUBLIC FOR THE PROMOTION AND RECIPROCAL PROTECTION OF INVESTMENTS

The Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the Hungarian People's Republic,

Desiring to intensify their economic co-operation by creating favourable conditions for further investment by investors of either State in the territory of the other State;

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

Have agreed as follows:

Article 1. DEFINITIONS

For the purposes of the present Agreement:

1. (*a*) The term "investment" means every kind of asset connected with economic activities which has been acquired since 31 December 1972 and in particular, though not exclusively, includes:

(i) Movable and immovable property and any other property rights such as mortgages, liens or pledges;

(ii) Shares, stocks, bonds and debentures and any other form of participation in a company;

(iii) Claims to money and other assets or to any performance under contract having a financial value;

(iv) Intellectual property rights and goodwill;

(v) Business concessions conferred by law or under contract, including concessions to search for, cultivate, extract or exploit natural resources.

(*b*) The rights and obligations of both Contracting Parties with respect to investments made before 31st December 1972 shall be in no way affected by the provisions of this Agreement.

(*c*) A change in the form in which assets are invested does not affect their character as investments.

2. The term "returns" means the amounts yielded by an investment and in particular, though not exclusively, includes profit, interest, capital gains, dividends, royalties and fees.

[1] Came into force on 28 August 1987, i.e., 30 days after the date of the last of the notifications (of 29 July 1987) by which the Contracting Parties had notified each other of the completion of the required legislative procedures, in accordance with article 13 (1).

3. The term "investors" means:

(*a*) In respect of the United Kingdom: physical persons deriving their status as United Kingdom nationals from the law in force in the United Kingdom, and corporations, firms and associations constituted or incorporated under the law in force in any part of the United Kingdom or in any territory to which this Agreement is extended in accordance with the provisions of Article 12;

(*b*) In respect of the Hungarian People's Republic: natural persons having the nationality of the Hungarian People's Republic in accordance with its law, and legal persons constituted in accordance with the law of the Hungarian People's Republic.

4. The term "territory" means:

(*a*) In respect of the United Kingdom: Great Britain and Northern Ireland and any territory to which this Agreement is extended in accordance with the provisions of Article 12;

(*b*) In respect of the Hungarian People's Republic: the territory of the Hungarian People's Republic.

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 invest capital in its territory, and, subject to its right to exercise powers conferred by its law, shall admit such capital.

2. Each Contracting Party shall accord at all times fair and equitable treatment to the investments of investors of the other Contracting Party and shall ensure full protection and security for such investment in its territory. Neither Contracting Party shall impair by unreasonable or discriminatory measures the operation, 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 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, use, enjoyment or disposal of their investments, to treatment less favourable than that which it accords to its own investors or to investors of any third State.

Article 4. COMPENSATION FOR LOSSES

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, a 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 its own investors