Agreement

BETWEEN

THE REPUBLIC OF SINGAPORE

AND

THE REPUBLIC OF HUNGARY

ON THE PROMOTION AND PROTECTION OF INVESTMENTS

The Republic of Singapore and the Republic of Hungary (each hereinafter referred to as a "Contracting Party");

DESIRING to create favourable conditions for greater economic co-operation between them and in particular for investments by nationals and companies of one State in the territory of the other State based on the principle of mutual benefit;

RECOGNISING that the encouragement and reciprocal protection of such investments will be conducive to stimulating business initiative and increasing prosperity in both States;

HAVE AGREED AS FOLLOWS:

ARTICLE 1

DEFINITIONS

For the purposes of this Agreement:

1. The term "investment" means every kind of asset permitted by each Contracting Party in accordance with its laws and regulations, including, though not exclusively, any:

(a) movable and immovable property and other property rights such as mortgages, liens or pledges;

(b) shares, stocks, debentures and similar interests in companies;

(c) claims to money or to any performance under contract having an economic value;

(d) intellectual property rights and goodwill; and

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

2. The term "returns" means amounts yielded by an investment including any profits, interest, capital gains, dividends, royalties or fees.

3. The term "national" means any person who is a citizen of either Contracting Party in accordance with its laws.

4. The term "company" means any corporation, firm, association or body, with or without legal personality, incorporated, established or registered under the laws in force in either Contracting Party.

5. The term "freely convertible currency" means any currency that is widely used to make payments for international transactions and widely traded in the international principal exchange markets.

ARTICLE 2

APPLICABILITY OF THIS AGREEMENT

1. This Agreement shall only apply:

(a) in respect of investments in the territory of the Republic of Hungary, to all investments made by nationals and companies of the Republic of Singapore which are admitted in accordance with the laws and regulations of the Republic of Hungary;

(b) in respect of investments in the territory of the Republic of Singapore, to all investments made by nationals and companies of the Republic of Hungary, which are specifically approved in writing by the competent authority designated by the Government of the Republic of Singapore and upon such conditions, if any, as it shall deem fit.

2. The provisions of the foregoing paragraph shall apply to all investments made by nationals and companies of either Contracting Party in the territory of the other Contracting Party after 1 January, 1973.

ARTICLE 3

PROMOTION AND PROTECTION OF INVESTMENTS

1. Each Contracting Party shall encourage and create favourable conditions for nationals and companies of the other Contracting Party to make in its territory investments that are in conformity with its general economic policy.

2. Investments made in accordance with the provisions of Article 2 shall be accorded fair and equitable treatment, protection and security.

ARTICLE 4

MOST FAVOURED NATION PROVISION

Neither Contracting Party shall in its territory subject investments admitted in accordance with the provisions of Article 2 or returns of nationals and companies of the other Contracting Party to treatment less favourable than that which it accords to investments or returns of nationals and companies of any third State.

ARTICLE 5

EXCEPTIONS

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

(a) any regional arrangement for customs, monetary, tariff or trade matters (including a free trade area) or any agreement designed to lead in future to such a regional arrangement; or

(b) any arrangement with a third State or States 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.

2. The provisions of this Agreement shall not apply to matters of taxation in the territory of either Contracting Party. Such matters shall be governed by any international agreement regarding taxation including agreements for the avoidance of double taxation and the domestic laws of each Contracting Party.

ARTICLE 6

EXPROPRIATION

1. Neither Contracting Party shall take any measure of expropriation, nationalization or other measures having the effect equivalent to nationalization or expropriation (hereinafter referred to as "expropriation") against the investment of nationals or companies of the other Contracting Party unless the measures are taken for any purpose authorised by law, on a non-discriminatory basis, in accordance with its laws and against compensation which shall be effectively realisable and shall be made without unreasonable delay. Such compensation, shall, subject to the laws of each Contracting Party, be the value immediately before the expropriation. The compensation shall be freely convertible and transferable.

2. Any measure of expropriation or valuation may, at the request of the national or company affected, be reviewed by a judicial or other independent authority of the Contracting Party taking the measures in the manner prescribed by its laws.

3. Where a Contracting Party expropriates the assets of a company which is incorporated or constituted under the laws in force in any part of its own territory, and in which nationals or companies of the other Contracting Party own 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 nationals or companies of the other Contracting Party who are owners of those shares.

ARTICLE 7

COMPENSATION FOR LOSSES

1. Nationals or companies of one Contracting Party whose investments in the territory of the other Contracting Party suffer losses owing to war or other armed conflict, a state of national emergency, revolt, insurrection, riot or other similar events in the territory of the latter Contracting Party, shall be accorded by the latter Contracting Party treatment, as regards resitution, indemnification, compensation or other settlement, if any, no less favourable than that which the latter Contracting Party accords to nationals or companies of any third State.

2. Without prejudice to paragraph 1 of this Article, nationals and companies of one Contracting Party whose investments in any of the events referred to in that paragraph, suffer losses in the territory of the other Contracting Party resulting from:

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

(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 compensation for the losses sustained during the period of the requisitioning or as a result of the destruction of the property. The compensation shall be in accordance with the laws of that Contracting Party, or, if no provision is made in its laws, shall be such sum as may be just and adequate. Resulting payments shall be freely transferable in freely convertible currency without delay.

ARTICLE 8

TRANSFERS

1. Each Contracting Party shall guarantee to nationals or companies of the other Contracting Party the free transfer, on a non-discriminatory basis, of their capital and the returns from any investments. The transfers shall be made in a freely convertible currency, without any restriction or delay. Such transfers shall include in particular, though not exclusively:

(a) profits, capital gains, dividends, royalties, interest and other current income accuring from an investment;

(b) the proceeds of the total or partial liquidation of an investment;

(c) repayments made pursuant to a loan agreement in connection with an investment;

(d) royalties or other fees in relation to intellectual property rights or goodwill;

(e) payments in respect of technical assistance, technical service and management fees;

(f) earnings of natural persons who work in connection with an investment in the territory of a Contracting Party, subject to its laws and regulations, if any.

2. Nothing in paragraph 1 of this Article shall affect the free transfer of compensation paid under Article 6 of this Agreement.

ARTICLE 9

EXCHANGE RATE

The transfers referred to in Articles 6, 7 and 8 of this Agreement shall be effected at the prevailing market rate in freely convertible currency on the date of transfer.

ARTICLE 10

LAWS

For the avoidance of any doubt, it is declared that all investments shall, subject to this Agreement, be governed by the laws in force in the territory of the Contracting Party in which such investments are made.

ARTICLE 11

SUBROGATION

1. In the event that either Contracting Party (or any agency, institution, statutory body or corporation designated by it) as a result of an indemnity it has given in respect of an investment or any part thereof makes payment to its own nationals and companies in respect of any of their claims under this Agreement, the other Contracting Party

acknowledges that the former Contracting Party (or any agency, institution, statutory body or corporation designated by it) is entitled by virtue of subrogation to exercise the rights and assert the claims of its own nationals and companies. The subrogated right or claim shall not be greater than the original right or claim of the said investor.

2. Any payment made by one Contracting Party (or any agency, institution, statutory body or corporation designated by it) to its nationals and companies shall not affect the right of such nationals and companies to make their claims against the other Contracting Party in accordance with Article 12.

ARTICLE 12

INVESTMENT DISPUTES

1. Any dispute between an investor of one Contracting Party and the other Contracting Party in connection with an investment in the territory of the other Contracting Party shall, as far as possible, be settled amicably through negotiations between the parties to the dispute. The party intending to resolve such dispute through negotiations shall give notice to the other of its intention.

2. If the dispute cannot be thus resolved as provided in paragraph 1 of this Article, within 6 months from the date of notice given thereunder by either party to the dispute, then, unless the parties have otherwise agreed, it shall, upon the request of either party to the dispute, be submitted to conciliation or arbitration by the International Centre for Settlement of Investment Disputes (called "the Centre" in this Agreement) established by the Convention on the Settlement of Investment Disputes between the States and Nationals of Other States opened for signature at Washington on 18 March, 1965 (called "the Convention" in this Agreement). For this purpose, each Contracting Party hereby irrevocably consents in advance under Article 25 of the Convention to submit any dispute to the Centre.

ARTICLE 13

DISPUTES BETWEEN THE CONTRACTING PARTIES

1. Any dispute between the Contracting Parties concerning the interpretation or application of this Agreement shall, as far as possible, be settled through negotiation.

2. If any dispute cannot be thus settled within 6 months, it shall upon the request of either Contracting Party be submitted to arbitration. The arbitral tribunal (hereinafter called "the tribunal") shall consist of three arbitrators, one appointed by each Contracting Party and the third, who shall be Chairman of the tribunal, appointed in accordance with the provisions of paragraph 3 of this Article.

3. Within two months of receipt of the request for arbitration, each Contracting Party shall appoint one arbitrator. The two arbitrators 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 three months from the date of appointment of the other two arbitrators.

4. If the tribunal shall not have been constituted within five months of receipt of the request for arbitration, either Contracting Party may, in the absence of any other agreement, invite the President of the International Court of Justice to appoint the arbitrator or arbitrators not yet appointed. If the President is a national of either

Contracting Party or if he is unable to make the necessary appointments, the Vice-President may be invited to do so. If the Vice-President is a national of either Contracting Party or if he is unable to do so, the Member of the International Court of Justice next in seniority who is not a national of either Contracting Party may be invited to make the necessary appointments, and so on.

5. The tribunal shall reach its decision by a majority of votes.

6. The tribunal's decision shall be final and the Contracting Parties shall abide by and comply with the terms of its award.

7. Each Contracting Party shall bear the costs of its own member of the tribunal and of its representation in the arbitration proceedings and half the costs of the Chairman and the remaining costs. The tribunal may, however, in its decision direct that a higher proportion of costs shall be borne by one of the two Parties, and this award shall be binding on both Parties.

8. Apart from the above the tribunal shall establish its own rules of procedure.

ARTICLE 14

OTHER OBLIGATIONS

If the legislation of either Contracting Party or international obligations existing at present or established hereafter between the Contracting Parties in addition to this Agreement, result in a position entitling investments by nationals or companies of the other Contracting Party to treatment more favourable than is provided for by this Agreement, such position shall not be affected by this Agreement. Each Contracting Party shall observe any commitment in accordance with its laws additional to those specified in this Agreement entered into by the Contracting Party, with nationals or companies of the other Contracting Party as regards their investments.

ARTICLE 15

ENTRY INTO FORCE, DURATION AND TERMINATION

1. Each Contracting Party shall notify the other Contracting Party of the fulfilment of its internal legal procedures required for the bringing into force of this Agreement. This Agreement shall enter into force on the thirtieth day from the date of the last notification.

2. This Agreement shall remain in force for a period of fifteen years and shall continue in force thereafter unless, after the expiry of the initial period of fourteen years, either Contracting Party notifies in writing the other Contracting Party of its intention to terminate this Agreement. The notice of termination shall become effective one year after it has been received by the other Contracting Party.

3. 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 14 shall remain in force for a further period of fifteen years from that date.

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

Done in duplicate at Singapore, on 17 April, 1997, in the English language.

Richard Hu

DR. RICHARD HU
Minister of Finance
For the Government
of the Republic of Singapore

DR. PETER MEDGYESSY
Minister of Finance
For the Government
of the Republic of Hungary