

No. 33247

---

**BELGO-LUXEMBOURG ECONOMIC UNION  
and  
HUNGARY**

**Agreement concerning the reciprocal encouragement and  
protection of investments. Signed at Budapest on 14 May  
1986**

*Authentic texts: French and Hungarian.*

*Registered by the Belgo-Luxembourg Economic Union on 15 October 1996.*

---

**UNION ÉCONOMIQUE  
BELGO-LUXEMBOURGEOISE  
et  
HONGRIE**

**Accord concernant l'encouragement et la protection récipro-  
ques des investissements. Signé à Budapest le 14 mai  
1986**

*Textes authentiques : français et hongrois.*

*Enregistré par l'Union économique belgo-luxembourgeoise le 15 octobre  
1996.*

## [TRANSLATION — TRADUCTION]

AGREEMENT<sup>1</sup> BETWEEN THE BELGO-LUXEMBOURG ECONOMIC UNION AND THE GOVERNMENT OF THE HUNGARIAN PEOPLE'S REPUBLIC CONCERNING THE RECIPROCAL ENCOURAGEMENT AND PROTECTION OF INVESTMENTS

The Government of the Kingdom of Belgium, acting in its own name and on behalf of the Government of the Grand Duchy of Luxembourg, under existing agreements and

The Government of the Hungarian People's Republic,

Desiring to strengthen their economic cooperation by creating favourable conditions for investors of either Contracting Party to make investments in the territory of the other Contracting Party,

Considering that such an Agreement could be conducive to improving business contacts and strengthening confidence in the field of investments,

Have agreed as follows:

*Article 1*

1. The term "investments" means any asset and any direct or indirect contribution in any joint enterprises or companies in any area of economic activity including, although not exclusively:

- (a) Movable and immovable property as well as any other rights "in rem";
- (b) Shares and other types of holdings in companies;
- (c) Titles to money or to any performance having an economic value;
- (d) Copyrights, marks, patents, technical processes, tradenames and any other industrial property right including goodwill;
- (e) Concessions under public law.

Any alteration of the legal form in which assets and capital have been invested or reinvested shall not affect their status as "investments" for the purposes of this Agreement.

2. The term "investors" means:

(a) Any natural person who, according to Belgian, Luxembourg or Hungarian legislation is considered to be a citizen of the Kingdom of Belgium, the Grand Duchy of Luxembourg or the Hungarian People's Republic respectively;

(b) Any corporation lawfully constituted in accordance with Belgian, Luxembourg or Hungarian legislation and having its head office in the territory of the Kingdom of Belgium, the Grand Duchy of Luxembourg or the Hungarian People's Republic respectively.

<sup>1</sup> Came into force on 23 September 1988 by notification, in accordance with article 10.

### Article 2

1. Each Contracting Party shall encourage investments by investors of the other Contracting Party and allow them into its territory in accordance with its legislation.

2. This Agreement shall apply to investments made in the territory of each Contracting Party by investors of the other Contracting Party with effect from 1 January 1973.

3. This Agreement shall not include privileges which may be extended by either Contracting Party to a third State under a convention for the prevention of double taxation or any other convention concerning taxation.

### Article 3

1. Each Contracting Party undertakes to ensure in its territory fair and equitable treatment for investments made by investors of the other Contracting Party, excluding any unjustified or discriminatory measure which could impair the management, maintenance, utilization, enjoyment or liquidation of such investments.

2. Subject to measures necessary for the maintenance of law and order, these investments shall enjoy constant security and protection which shall be at least equal to those accorded by each Contracting Party to investors of the most-favoured nation.

3. However, the treatment and protection referred to in paragraphs 1 and 2 shall not extend to the privileges accorded by one Contracting Party to investors of a third State resulting from its membership in or association with an economic union, a customs union, a common market, a free trade area or a regional economic organization which is international in character.

### Article 4

1. The investments made by investors of either Contracting Party in the territory of the other Contracting Party may not be expropriated or subjected to any other measures of direct or indirect dispossession which have a similar effect, unless the following conditions are met:

(a) The measures are taken in the public interest and under due process of law;

(b) They are neither discriminatory nor contrary to any specific commitment as envisaged in article 7, paragraph 2;

(c) They are accompanied by provisions for the payment of compensation, the amount of which shall correspond to the real value of the investments concerned on the day before the date on which the measures are taken or made public knowledge. Such compensation shall be paid to the investors in convertible currency without delay and shall be freely transferrable.

2. The Investors of either Contracting Party whose investments suffer damage resulting from a war or other armed conflict or a state of emergency, unrest or riots occurring in the territory of the other Contracting Party shall be accorded treatment by that Contracting Party which is non-discriminatory and is at least equal to that accorded to investors of the most-favoured nation as regards restitution, indemnification, compensation or other recompense. Compensation owing under this paragraph shall be paid in accordance with the provisions of paragraph 1 (c).

3. This treatment shall apply to investors of either Contracting Party who possess a holding in any company in the territory of the other Contracting Party.

4. In every case, each Contracting Party shall in its territory accord investors of the other Contracting Party treatment which is at least equal to that accorded to investors of the most-favoured nation.

#### *Article 5*

1. Each Contracting Party shall guarantee to investors of the other Contracting Party the free transfer in convertible currency of their liquid assets related to an investment, including, in particular, although not exclusively:

- (a) Capital or an equivalent amount to maintain or increase the investment;
- (b) Profits, dividends, interests or other current income;
- (c) Sums required for the reimbursement of loans;
- (d) Royalties and other payments;
- (e) Proceeds from the liquidation of all or any part of an investment;
- (f) Compensation pursuant to article 4.

2. The transfers referred to in paragraph 1 shall be effected at the official rate of exchange applicable on the date of transfer pursuant to the exchange regulations in force for the various classes of transactions.

3. The guarantees provided for in paragraphs 1 and 2 shall be at least equal to those accorded to investors of the most-favoured nation in similar situations.

#### *Article 6*

1. If under a legal or contractual guarantee covering non-commercial investment risks, compensation is paid to an investor of either Contracting Party, the other Contracting Party shall recognize the subrogation of the insurer to the rights of the indemnified investor.

2. In accordance with the guarantee given for the investment in question, the insurer shall respect all rights to which the investor would have been entitled in the absence of any subrogation.

3. Any controversy between a Contracting Party and the insurer of an investor of the other Contracting Party shall be settled in accordance with the provisions of article 9 of this Agreement.

#### *Article 7*

1. When a matter relating to investments is governed both by this Agreement and by national legislation or regulations of either Contracting Party, or by international obligations existing at present or established hereafter, investors of the other Contracting Party may avail themselves of the most favourable provisions.

2. The investors of either Contracting Party may conclude special commitments with the other Contracting Party provided that the terms of those commitments do not contradict this Agreement. Investments made under such special commitments shall, moreover, be governed by this Agreement.

#### *Article 8*

1. Disputes concerning the interpretation or application of this Agreement shall, as far as possible, be settled through the diplomatic channel.

2. If the dispute cannot be settled, it shall be submitted to a joint Commission consisting of representatives of the Contracting Parties; the Commission shall meet as soon as possible upon the request of the earliest petitioner.

3. If the joint commission cannot resolve the dispute within six months from the date on which the negotiations began, the dispute shall, upon request of either Contracting Party, be submitted to an arbitral tribunal.

4. The tribunal shall be constituted as follows: each Contracting Party shall appoint one arbitrator and the two arbitrators shall together appoint a third arbitrator, who shall be a national of a third State, to be the Chairman of the tribunal. The arbitrators shall be appointed within three months and the Chairman within five months from the date when either Contracting Party made known to the other Contracting Party its intention to submit the dispute to an arbitral tribunal.

5. If the time limits specified in paragraph 4 have not been observed, the Secretary-General of the United Nations shall be invited to make the necessary appointments.

6. The arbitral tribunal shall make its rulings on the basis of the provisions of this Agreement and the universally acknowledged rules and principles of international law.

7. The tribunal shall determine its own rules of procedure.

8. The tribunal shall reach its decision by majority vote; such decisions shall be final and binding on the Contracting Parties.

9. Each Contracting Party shall bear the costs of its arbitrator and of its representation in the arbitration proceedings. The cost of the Chairman and the remaining costs shall be borne in equal parts by the Contracting Parties.

#### *Article 9*

1. Any dispute between one of the Contracting Parties and an investor of the other Contracting Party concerning expropriation, nationalization or any other similar measures relating to investments, shall be conveyed in a written notice accompanied by a detailed memorandum from the investor of one of the Contracting Parties to the other Contracting Party. As far as possible, the dispute shall be settled by the parties in an amicable way.

2. If the dispute cannot be settled within six months from the date of the written notification referred to in paragraph 1, it shall be submitted to arbitration by one of the bodies designated below, at the choice of the investor:

(a) The Arbitration Institute of the Chamber of Commerce in Stockholm;

(b) The Court of Arbitration of the International Chamber of Commerce in Paris;

(c) The International Centre for Settlement of Investment Disputes (ICSID) established by the Convention on the Settlement of Investment Disputes between States and Nationals of the Other States, opened for signature at Washington on 18 March 1965,<sup>1</sup> when each State Party to this Agreement is a party to that Convention.

3. When the arbitration procedure is set in motion on the initiative of a Contracting Party, that Contracting Party shall send a written request to the investor concerned asking him to select the arbitral body to which the dispute shall be sub-

<sup>1</sup>United Nations, *Treaty Series*, vol. 575, p. 159.

mitted. If the investor does not respond within one month from the date of receipt of that request, the Contracting Party shall submit its request for arbitration to the body of its choice.

4. A Contracting Party which is a party to a dispute shall not, at any stage of arbitration proceedings or enforcement of an arbitration award, raise as an objection the fact that the investor who is the other party to the dispute has received in pursuance of an insurance policy or a guarantee as provided for in article 6 an indemnity in respect of some or all of his losses.

5. The arbitral body shall make its rulings on the basis of:

- The domestic law of the Contracting Party which is a party to the dispute in the territory of which the investment is made, including regulations concerning conflict of laws;
- The provisions of this Agreement;
- The terms of the specific commitment applicable in connection with the investment;
- The universally acknowledged rules and principles of international law.

6. The decisions of the arbitral body shall be final and binding on the parties to the dispute. Each Contracting Party shall undertake to enforce the rulings in accordance with its national legislation.

#### *Article 10*

1. This Agreement shall enter into force one month after the date on which the Contracting Parties have notified each other that the constitutional procedures necessary in their respective countries have been fulfilled. It shall remain in force for a period of ten years. Unless either of the Contracting Parties terminates the Agreement at least six months prior to the date of expiry of the period of validity, it shall be tacitly renewed for a further period of ten years, each Contracting Party reserving the right to terminate it by giving notice at least twelve months prior to the date of expiry of the current period of validity.

2. In respect of investments made prior to the expiry of this Agreement, the Agreement shall remain in force for a period of ten years from the date of expiry of the period of validity.

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

DONE at Budapest on 14 May 1986 in duplicate, in the French and Hungarian languages, both texts being equally authentic.

For the Government  
of the Hungarian People's Republic:

I. HETENYI

For the Government of the Kingdom  
of Belgium acting in its own name and  
on behalf of the Government of the  
Grand Duchy of Luxembourg:

H. DE CROO