

NO. 48  
COUNTRY: BULGARIA  
DATE: 12<sup>th</sup> FEB 2002

**AGREEMENT**  
**BETWEEN**  
**THE GOVERNMENT OF**  
**THE ISLAMIC REPUBLIC OF PAKISTAN**  
**AND**  
**THE GOVERNMENT OF**  
**THE REPUBLIC OF BULGARIA**  
**ON RECIPROCAL PROMOTION AND**  
**PROTECTION OF INVESTMENTS**

The Government of the Islamic Republic of Pakistan and the Government of the Republic of Bulgaria and, hereinafter referred to as the "Contracting Parties".

DESIRING to intensify economic co-operation to the mutual benefit of both States

INTENDING to create and maintain fair and equitable conditions for investments by investors of one Contracting Party in the territory of the other Contracting Party

RECOGNIZING that the reciprocal promotion and protection of such investments favour the expansion of the economic relations between both States and stimulate investment initiatives,

HAVE AGREED as follows

Article I  
DEFINITIONS

For the purposes of this Agreement.

1. The term "investment" means any kind of asset invested by an investor of one Contracting Party in the territory of the other Contracting Party in accordance with the legislation of the Contracting Party in whose territory the investment is made, and includes in particular, though not exclusively:

- a) movable and immovable property rights as well as other rights in rem such as mortgages, liens, usufruct and pledges;
- b) shares, stocks, securities or other form of participation in a company;
- c) claims to money or to any performance having an economic value;
- d) intellectual or industrial property rights, such as patents, copyright, trade marks, trade names, industrial designs and rights in technological processes, know-how and goodwill;
- e) any right conferred by law, under a contract or under an administrative act of a competent state authority, including concessions to search for, cultivate, extract or exploit natural resources;
- f) credit, including lease finance, in case such credit is extended for a term of more than twelve months.

The investment includes the increase in the value of the assets under subparagraph "a) to "f"

Any alteration of the form in which assets are invested or reinvested shall not affect their character as investments provided that such alteration is in accordance with the legislation of the Contracting Party in the territory of which the investments have been made.

2. The term "returns" means the amounts lawfully yielded by an investment, such as profits, dividends, interests, capital gains, and other lawful incomes

1. The term "investor" means:

- a) any natural person who has the nationality of either Contracting Party in accordance with its laws,
- b) any company, enterprise, partnership, organization or association, with or without juridical personality incorporated or constituted or otherwise duly registered in accordance with the laws of the Contracting Party and having its seat in the territory of the latter.

2. The term "territory" means the state territory of each Contracting Party including the territorial sea, as well as the continental shelf and the exclusive economic zone, over which the Contracting Party exercises sovereign rights or jurisdiction in conformity with their national law and international law.

#### Article 2

### PROMOTION AND PROTECTION OF INVESTMENTS

1. Each Contracting Party shall promote and protect in its territory investments of investors of the other Contracting Party and shall admit such investments in accordance with its legislation and accord them fair and equitable treatment and protection.

2. In case of reinvestment of returns from an investment, these reinvestments and their returns shall enjoy the same protection as the initial investment.

3. Each Contracting Party shall consider favourably and in compliance with its legislation questions concerning entry, stay, work and movement in its territory of nationals of the other Contracting Party who carry out activities connected with an investment as well as of their families forming part of their household.

#### Article 3

### TREATMENT OF INVESTORS AND INVESTMENTS

1. Each Contracting Party shall accord in its territory to investors of the other Contracting Party, as regards the expansion, management, operation, maintenance, use, enjoyment and disposal of their investments, treatment no less favourable than that accorded to its own investors or to investors of any third State, whichever is more favourable to those investors.

2. Each Contracting Party shall accord in its territory to investments made by investors of the other Contracting Party, treatment no less favourable than that accorded to investments made by its own investors or to investors of any third State, whichever is more favourable.

3. The provisions of paragraph (1) and (2) of this Article shall not be construed so as to oblige any of the Contracting Parties to extend to the investors and their investments of the other Contracting Party the present or future benefit of any preference or privilege which may be extended by the former Contracting Party to investors and their investments of a third State by virtue of:

- a) participation in, or association with, existing or future customs union.

the trade area, economic community, multilateral agreement on investments or similar international institution, as well as other international agreement leading to such unions and other forms of economic cooperation, or

b) any multilateral or bilateral agreement or arrangement relating wholly or mainly to taxation

4. Each Contracting Party reserves the right to make or maintain in accordance with its legislation exceptions from the national treatment granted pursuant to paragraph (1) and (2) of this Article. However, any new exception shall only apply to investments made after the entry into force of such exception.

5. If the provisions of domestic law of either Contracting Party or obligations under present or future international agreements applicable between the Contracting Parties, or other international agreements to which they are parties, contain regulations, whether general or specific, entitling investments by investors of the other Contracting Party to a treatment more favourable than provided for by the present Agreement, such regulations shall, to the extent they are more favourable, prevail over the present Agreement.

#### Article 4

### COMPENSATION FOR LOSSES

Investor of a Contracting Party whose investments suffer losses in the territory of the other Contracting Party owing to war, other armed conflict, state of emergency or other similar events shall be accorded treatment, in respect to restitution, indemnification, compensation or other settlement, no less favourable than that accorded to its own investors or to investors of any third State, whichever is more favourable in accordance with laws and regulations then prevailing in the Contracting Party hosting the investment.

#### Article 5

### EXPROPRIATION AND COMPENSATION

1. Investments by investors of one Contracting Party in the territory of the other Contracting Party shall not be nationalised, expropriated or subjected to measures having equivalent effect (hereinafter referred to as "expropriation") unless undertaken in the very important State needs that cannot be satisfied by other means, on a non-discriminatory basis, in accordance with due process of law, and against preliminary, adequate and effective compensation.

2. Such compensation shall amount to the market value of the investment expropriated immediately before the expropriation or the impending expropriation became public knowledge, whichever is earlier, shall be paid without delay and shall include interest at 12-month LIBOR quoted for the currency the investment has been made. Interest will be applied when compensation is not paid by the date fixed for payment. Such compensation shall be fully realisable and freely transferable.

Article 6  
TRANSFERS

1. Subject to prevailing national laws and regulations each Contracting Party shall accord to the investors of the other Contracting Party, after fulfillment of all their tax or other obligations of a fiscal nature, free transfer of

- a) initial capital and additional amounts intended to maintain or increase an investment;
- b) returns from the investment;
- c) proceeds obtained from the total or partial sale or liquidation of the investment;
- d) the amounts required for payment of the expenses which arise from the operation of the investment, such as loan repayments, payment of patents, licence fees or other fees;
- e) compensation under Article 4 and Article 5 (i.e. compensation for losses and compensation for expropriation);
- f) the remuneration received by natural persons having the nationality of the other Contracting Party for work done or services rendered in connection with investments made in its territory, in accordance with its laws and regulations.

2. The transfers referred to in the preceding Paragraph shall be made without delay, in the convertible currency at the exchange rate applicable on the date of the transfer in the territory of the Contracting Party where the investment is made.

3. In accordance with the legislation of either Contracting Party, all transfers subject to this Article shall be accorded treatment no less favourable than that accorded to the transfers made by investors of any third State.

Article 7  
SUBROGATION

If a Contracting Party or its designated agency makes a payment to any of its own investors under a guarantee or contract of insurance given in respect of an investment in the territory of the other Contracting Party, the latter Contracting Party shall recognise the assignment of any right or claim of such investor to the former Contracting Party or its designated agency and the right of the former Contracting Party or its designated agency to exercise by virtue of subrogation, any such right or claim not exceeding that of the predecessor in title.

Article 8  
SETTLEMENT OF DISPUTES BETWEEN THE CONTRACTING  
PARTIES

1. Disputes between the Contracting Parties concerning the interpretation or application of the provisions of this Agreement should, as far as possible, be

settled amicably through negotiations

2. If such a dispute between the Contracting Parties has not been settled in accordance with paragraph (1) of this Article within a period of six months after negotiations were requested, it shall at the written request of either Contracting Party be submitted to an arbitral tribunal for decision.

3. Such an arbitral tribunal shall be constituted for each individual case in the following way: within three months after receipt of a request for arbitration, each Contracting Party shall appoint one member of the arbitral tribunal. Those two members shall then select a national of a third State, which maintains diplomatic relations with both Contracting Parties, who on approval by the two Contracting Parties shall be appointed Chairman of the arbitral tribunal. The Chairman shall be appointed within two months from the date of appointment of the other two members.

4. If within the periods specified in paragraph (3) of this Article the necessary appointments have not been made, either Contracting Party may, in the absence of any other agreement, invite the President of the International Court of Justice or the Vice-President to make any necessary appointments. If the President has the nationality of either Contracting Party or if he or she is otherwise prevented from discharging the said function, the Vice-President shall be invited to make the necessary appointments. If the Vice-President has the nationality of either Contracting Party or if he or she is also prevented from discharging the said function, the Member of the International Court of Justice next in seniority who is not a national of either Contracting Party shall be invited to make the necessary appointments.

5. The arbitral tribunal shall reach its decision on the basis of the provisions of the present Agreement as well as of the generally accepted principles and rules of international law. The tribunal shall determine its own procedure.

6. The arbitral tribunal shall reach its decision by a majority of votes. Such decision shall be final and binding upon both Contracting Parties.

7. Each Contracting Party shall bear the costs of its own member of the tribunal and of its representation in the arbitral proceedings. The costs of the Chairman and the remaining costs shall be borne by the Contracting Parties in equal parts.

#### Article 9

### SETTLEMENT OF DISPUTES BETWEEN INVESTOR AND CONTRACTING PARTY

1. Any dispute which may arise between an investor of one Contracting Party and the other Contracting Party concerning an investment of that investor in the territory of the latter Contracting Party should as far as possible be settled amicably, through negotiations.

2. If such a dispute cannot be settled within six months from the date on which either party to the dispute requested settlement through negotiation, the investor concerned may submit the dispute for settlement to the competent Court of the Contracting Party, in whose territory the investment was made.

3. In case of disputes with regard to Article 4, 5, 6 and 7 of this Agreement, the

dispute may be submitted for settlement to:

a) an ad-hoc arbitral tribunal to be established under the Arbitration Rules of the United Nations Commission on International Trade Law (UNCITRAL), or

b) the International Centre for the Settlement of Investment Disputes (ICSID), set up by the Convention on the Settlement of Investment Disputes between States and Nationals of other States, done at Washington, March 18, 1965, in case both Contracting Parties are parties to the said Convention.

4. The arbitral tribunal shall reach its decision on the basis of the national legislation of the Contracting Party which is party to the dispute, the provisions of the present Agreement, as well as the generally accepted principles and rules of international law.

5. The decision of the arbitral tribunal shall be final and binding on both parties to the dispute and the award shall be enforced in accordance with the domestic law of the Contracting Party concerned.

#### Article 10 CONSULTATIONS

Each Contracting Party may request the other Contracting Party to enter into consultations regarding all questions related to the interpretation or application of the present Agreement. The place and the time of such consultations shall be agreed upon through diplomatic channels.

#### Article 11 APPLICATION

The present Agreement shall apply to all investments on the territory of any Contracting Party made in accordance with its laws and regulations by investors of the other Contracting Party. However, the Agreement shall not apply to any dispute that has arisen before its entry into force.

#### Article 12 ENTRY INTO FORCE, DURATION AND TERMINATION OF THE AGREEMENT

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

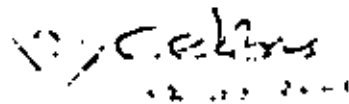
2. This Agreement shall be valid for a period of ten years. Thereafter its validity shall be extended automatically for every following period of five years. A Contracting Party may terminate this Agreement at any time after the expiry of first period of ten years by giving in writing a notice of twelve months to the other Contracting Party.

3. In respect to the investments made prior to the date on which the notice of termination of the present Agreement becomes effective, the provisions of Articles 1 to 11 shall remain in force for a further period of ten years from the date of notification referred to in paragraph (2) of this Article

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

Done in duplicate at Sofia on the 12 day of February 2002, in the English and Bulgarian languages, both texts being equally authentic

FOR THE GOVERNMENT OF  
THE ISLAMIC REPUBLIC OF  
PAKISTAN:



FOR THE GOVERNMENT OF  
THE REPUBLIC OF  
BULGARIA:

