

**No. 30008**

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**SPAIN  
and  
HUNGARY**

**Agreement for the encouragement and reciprocal protection  
of investments. Signed at Budapest on 9 November 1989**

*Authentic texts: Spanish, Hungarian and English.*

*Registered by Spain on 20 May 1993.*

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**ESPAGNE  
et  
HONGRIE**

**Accord relatif à la protection et à l'encouragement réciproques  
des investissements. Signé à Budapest le 9 novembre  
1989**

*Textes authentiques : espagnol, hongrois et anglais.*

*Enregistré par l'Espagne le 20 mai 1993.*

AGREEMENT<sup>1</sup> BETWEEN THE KINGDOM OF SPAIN AND THE  
REPUBLIC OF HUNGARY FOR THE ENCOURAGEMENT AND  
RECIPROCAL PROTECTION OF INVESTMENTS

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

INTENDING to create favourable conditions for investments by investors of either Party in the territory of the other Party,

and

RECOGNIZING that encouragement and protection of investments on the basis of the present Agreement stimulates the initiative in this field

HAVE AGREED AS FOLLOWS:

Article 1

For the purposes of the present Agreement:

1. The term "investments" shall comprise every kind of asset connected with the participation in companies and joint ventures, more particularly, though not exclusively:

- a/ movable and immovable property as well as any other rights in rem in respect of every kind of asset;
- b/ rights derived from shares, bonds and other kinds of interests in companies;
- c/ title to money, goodwill and other assets and to any performance having an economic value;

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<sup>1</sup> Came into force on 1 August 1992, i.e., the first day of the second month after the Parties had notified each other (on 11 June 1991 and 11 June 1992) of the completion of the constitutional requirements, in accordance with article 11 (1).

- d/ rights in the field of intellectual property, technical processes and know-how;
  - e/ business concessions conferred by law or under contract, including concessions to search for, cultivate, extract or exploit natural resources.
2. The term "investor" shall comprise with regard to either Contracting Party:
- a/ natural persons who, in the case of Spanish investors, are residents in Spain under Spanish law, and, in the case of Hungarian investors, those who possess this nationality under Hungarian law;
  - b/ legal entities, including companies, corporations, business associations and other organisations, which are constituted or otherwise duly organised under the law of that Contracting Party and have their seat in the territory of that same Contracting Party;

#### Article 2

1. Each Contracting Party shall in its territory promote investments coming from the other Contracting Party and admit such investments in accordance with its provisions of law.
2. The present Agreement shall apply to investments made by investors of either Contracting Party in conformity with the provisions of law of the other Contracting Party in its territory from the first January 1973.

#### Article 3

1. Each Contracting Party shall ensure fair and equitable treatment to the investments coming from the other Contracting Party and shall not impair by unreasonable or discriminatory measures, the operation,

management, maintenance, use, enjoyment or disposal thereof by those investors.

2. More particularly, each Contracting Party shall accord to such investments full security and protection which in any case shall not be less than that accorded to investments of investor of any third State.
3. If a Contracting Party has accorded special advantages to investors of any third State by virtue of agreements establishing customs unions, economic unions or similar institutions, or on the basis of interim agreements leading to such unions or institutions, that Contracting Party shall not be obliged to accord such advantages to investors of the other Contracting Party.
4. The treatment granted under the present Article shall not extend to taxes, fees, charges and to fiscal deductions and exemptions granted by either Contracting Party to investor of third States by virtue of a double taxation agreement or other agreements regarding matters of taxation, or on the basis of reciprocity with a third State.

#### Article 4

1. Neither Contracting Party shall take any measures depriving, directly or indirectly, investors of the other Contracting Party of their investments unless the following conditions are complied with:
  - a/ the measures are taken in the public interest and under due process of law;
  - b/ the measures are not discriminatory or contrary to any undertaking which the former Contracting Party may have given;
  - c/ the measures are accompanied by provision for the payment of just compensation. Such compensation shall be paid and made transferable without undue delay.

2. Investors of either Contracting Party whose investments suffer losses in the territory of the other Contracting Party owing to war or other armed conflict, state of emergency, revolt or riot, shall be accorded treatment no less favourable by such other Contracting Party than that Party accords to investors of any third State as regards restitution, indemnification, compensation or other valuable consideration. Such payments shall be freely transferable between the two Contracting Parties.

#### Article 5

Each Contracting Party in whose territory investments have been made by investors of the other Contracting Party shall grant those investors the free transfer of the payments relating to these investments, particularly:

- a/ of interests, dividends, benefits and other current returns;
- b/ of repayments of loans;
- c/ of amounts assigned to cover expenses relating to the management of the investment;
- d/ of royalties and other payments deriving from rights enumerated in Article 1, paragraph 1, letters c/, d/ and e/ of this Agreement;
- e/ of additional contributions of capital necessary for the maintenance or development of the investment;
- f/ of the proceeds of the sale or of the partial or total liquidation of the investment, including capital appreciation.

The transfers shall be made in freely-convertible currency purchased on the official market of the host country at the rate of exchange in force on that market. The companies in which investors of the other Contracting