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**Canada
and
Hungary**

Agreement between the Government of Canada and the Government of the Republic of Hungary for the promotion and reciprocal protection of investments. Ottawa, 3 October 1991

Entry into force: *21 November 1993, in accordance with article XIV*

Authentic texts: *English, French and Hungarian*

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**Canada
et
Hongrie**

Accord entre le Gouvernement du Canada et le Gouvernement de la République de Hongrie sur l'encouragement et la protection réciproque des investissements. Ottawa, 3 octobre 1991

Entrée en vigueur : *21 novembre 1993, conformément à l'article XIV*

Textes authentiques : *anglais, français et hongrois*

Enregistrement auprès du Secrétariat des Nations Unies : *Canada, 16 octobre 2015*

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[ENGLISH TEXT – TEXTE ANGLAIS]

**AGREEMENT BETWEEN
THE GOVERNMENT OF CANADA
AND
THE GOVERNMENT OF THE REPUBLIC OF HUNGARY
FOR THE PROMOTION AND RECIPROCAL PROTECTION OF INVESTMENTS**

The Government of Canada and the Government of the Republic of Hungary hereinafter referred to as the "Contracting Parties";

Recognizing that the promotion and the reciprocal protection of investments of investors of one Contracting Party in the territory of the other Contracting Party will be conducive to the stimulation of business initiative and to the development of economic cooperation between them;

Have agreed as follows:

ARTICLE I

Definitions

For the purpose of this Agreement:

- (a) the term "territory" means:**
 - (i) in respect of Canada, the territory of Canada, as well as those maritime areas, including the seabed and subsoil adjacent to the outer limit of the territorial sea, over which Canada exercises, in accordance with international law, sovereign rights for the purpose of exploration and exploitation of the natural resources of such areas;**
 - (ii) in respect of the Republic of Hungary, the territory of the Republic of Hungary.**
- (b) the term "investment" means any kind of asset invested by an investor of one Contracting Party in the territory of the other Contracting Party and in particular, though not exclusively, shall include:**
 - (i) any movable and immovable property and any other related property rights;**
 - (ii) shares, stock, bonds and debentures or any other form of participation including minority or indirect participation in a company or a business enterprise;**

- (iii) claims to money, and claims to performance under contract having a financial value;
- (iv) any intellectual property rights, including rights with respect to copyrights, patents, trademarks, trade names, industrial designs, trade secrets, good will as well as know-how;
- (v) business concessions conferred by law or under contract, including concession rights to search for, cultivate, extract or exploit natural resources;
- (vi) rights, conferred by law or under contract, to undertake any economic and commercial activity.

Any change in the form of an investment does not affect its character as an investment;

- (c) the term "returns" means all amounts yielded by an investment and in particular, though not exclusively, profits, interest, capital gains, dividends, royalties, fees or other current income;
- (d) the term "investor" means with regard to either Contracting Party:
 - (i) any natural person possessing the citizenship of a Contracting Party in accordance with its laws; or
 - (ii) any corporation, partnership, trust, joint venture, organization, association, enterprise or legal person incorporated or duly constituted in accordance with applicable laws of that Contracting Party directly or indirectly controlled by nationals of one of the Contracting Parties.
 - (iii) If the investment is made by an investor through an entity not covered by paragraph (d) (ii) of this Article, in which he holds an equity participation, such investor shall enjoy the benefits of this Agreement to the extent of such indirect equity participation, provided,

however, that such an investor shall not enjoy the benefits of this Agreement if the investor invokes the dispute settlement mechanism under another foreign investment protection agreement concluded by the Contracting Party in whose territory the investment is made.

In case of disagreement concerning the nationality of an investor, consultations shall take place between the Contracting Parties with a view to achieve a mutually satisfactory solution.

ARTICLE II

Promotion of Investment

- (1) Each Contracting Party shall encourage the creation of favourable conditions for investors of the other Contracting Party to make investments in its territory.
- (2) Subject to its laws, regulations and published policies, each Contracting Party shall admit investments of investors of the other Contracting Party.
- (3) This Agreement shall not preclude either Contracting Party from prescribing laws and regulations in connection with the establishment of a new business enterprise or the acquisition or sale of a business enterprise in its territory, provided that such laws and regulations are applied equally to all foreign investors. Decisions taken in conformity with such laws and regulations shall not be subject to the provisions of Articles IX or XI of this Agreement.

ARTICLE III

Protection of Investment

- (1) Investments or returns of investors of either Contracting Party shall at all times be accorded fair and equitable treatment and shall enjoy full protection and security in the territory of the other Contracting Party.
- (2) Each Contracting Party shall grant to investments or returns of investors of the other Contracting Party in its own territory treatment no less favourable than that which it grants to investments or returns of investors of any third State.
- (3) Each Contracting Party shall grant investors of the other Contracting Party in its territory, as regards their management, use, enjoyment or disposal of their investments or returns, treatment no less favourable than that which it grants to investors of any third State.

(4) In addition to the provisions of paragraphs (2) and (3) of this Article, each Contracting Party shall, to the extent possible and in accordance with its laws and regulations, grant to investments or returns of investors of the other Contracting Party a treatment no less favourable than that it grants to investments or returns of its own investors.

ARTICLE IV

Exceptions

The provisions of this Agreement shall not be construed so as to oblige one Contracting Party to extend to the investors of the other Contracting Party the benefits of any treatment, preference or privilege resulting from participation in:

- (a) any existing or future free trade area or customs union;
- (b) any multilateral agreement for mutual economic assistance, integration or cooperation to which either of the Contracting Parties is or may become a party;
- (c) any bilateral convention, including any customs agreement, in force on the date of entry into force of this Agreement which contains provisions similar to those contained in paragraph (b) above; or
- (d) any existing or future convention relating to double taxation or other fiscal matters.

ARTICLE V

Compensation for Losses

Investors of one Contracting Party whose investments or returns in the territory of the other Contracting Party suffer losses owing to war, other armed conflicts, a state of national emergency or other similar circumstances in the territory of the latter shall be accorded, as regards restitution, indemnification, compensation or other settlement, treatment no less favourable than that which the latter Contracting Party grants to investors of any third State. Any payment made under this Article shall be prompt, adequate, effective and freely transferable without delay.