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**Law No. (9) of 2012 ratifying the convention between the government of the kingdom of Bahrain and the government of Turkmenistan for the Promotion and Protection of Investments**

We, Hamad bin Isa Al Khalifa King of the Kingdom of Bahrain

Having reviewed the Constitution,

And the convention between the government of the kingdom of Bahrain and the government of Turkmenistan for the Promotion And Protection of Investment signed in Manama on 9 February 2011;

The Shura Council and the Council of Representatives have approved the following Law which we have ratified and enacted:

**Article One**

The convention between the government of the kingdom of Bahrain and the government of Turkmenistan for the Promotion And Protection of Investment signed in Manama on 9 February 2011, and attached to this Law, has been ratified.

**Article Two**

The Prime Minister and the ministers - each within his jurisdiction- shall implement this Law and it shall come into force from the day following the date of its publication in the Official Gazette.

**King of Kingdom of Bahrain**

**Hamad bin Isa Al Khalifa**

Issued at Riffa Palace:

20 Rabi' al-awwal 1433 A.H.

Corresponding to: 22 February 2012

**Convention Between the Government of the Kingdom of Bahrain and the Government of Turkmenistan for the Promotion and Protection of Investments**

The Government of the Kingdom of Bahrain and the Government of Turkmenistan (hereinafter referred to as the "Contracting Parties"),

Desiring to create and maintain favourable conditions for investments by investors of one Contracting Party in the territory of the other Contracting Party,

Recognising that the encouragement and reciprocal protection of such investments by an international Convention will be conducive to the stimulation of individual business initiatives and will increase prosperity in both Contracting Parties.

**Article (1)**

**Definitions**

1- For the purposes of this Convention:

a) The terms "Contracting Party" and "the other Contracting Party", shall mean the Kingdom of Bahrain or Turkmenistan, as the case may be.

b) The term "Investments" shall mean every kind of asset utilised by investors of one Contracting Party as investments in accordance with the laws and regulations of the Contracting Party accepting the investment in its territory, and in particular, though not exclusively, includes:

(1) Movable and immovable property and any other property rights such as mortgages, liens, or debt guarantees, and any other similar rights as defined in accordance with the laws and regulations of the Contracting Party in whose territory the property is situated.

(2) Shares, stocks, and debentures of a company and any form of shareholding in a company.

(3) Claims for money or to any contractual obligations of financial value.

(4) Intellectual property rights, goodwill of the commercial stokes and industrial processes, and technical knowledge.

(5) Business concessions conferred by a law or contract, including concessions to search for, cultivate, extract, or exploit natural resources.

c- The term "Income from Debt Claims" shall mean income from debt claims of every kind, whether or not secured by a mortgage and whether or not carrying a right to participate in the debtor's profits, and in particular, income from government securities and income from bonds or debentures, including premiums and prizes attaching to such securities, bonds, or debentures.

d- The term "Returns" shall mean the amounts yielded by an investment and includes, in particular, though not exclusively, profits, income from debt claims, capital gains, dividends, royalties, and fees.

e- The term "Investor" shall mean:

a) Natural persons deriving their legal status as nationals of either Contracting Party according to its applicable laws.

b) Legal persons that established or constituted the assets under the laws and regulations of that Contracting Party.

f) The term "territory" shall mean:

(1) With regard to the Kingdom of Bahrain, the territory of the Kingdom of Bahrain as well as the maritime areas, seabed, and subsoil over which the navy exercises, in accordance with international law, sovereign rights and jurisdiction.

(2) With regard to Turkmenistan, the territory of Turkmenistan comprises its land borders together with the maritime zones (including both marine and sub-marine zones) over which Turkmenistan exercises sovereign rights or jurisdiction under international law.

2- For the purposes of this Convention, a change in the form in which assets are utilised as investments does not affect their character as investments, provided that such a change does not contradict the laws of the Contracting Party in the territory in which investments are made.

**Article (2)**

**Promotion and Protection of Investments**

1- Each Contracting Party shall encourage and create favourable conditions for investors of the other Contracting Party to invest capital in its territory, without prejudice to its rights to use the powers granted to it by its laws and regulations that permit this capital.

2- Investments of investors of each 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. Neither Contracting Party shall in any way impair by unreasonable or discriminatory measures the management, maintenance, use, enjoyment, or disposal of investments in its territory by investors of the other Contracting Party.

Each Contracting Party shall observe any obligation it may have entered into with regard to the investments of investors of the other Contracting Party.

**Article (3)**

**National Treatment and Most-Favoured Nation Provisions**

1- Neither Contracting Party shall in its territory subject investments or returns of investors of the other Contracting Party to treatment less favourable than that which it accords to investments or returns of its own investors or to investments or returns of investors of any third State.

2- Neither Contracting Party shall in its territory subject investors of the other Contracting Party, as regards their management, maintenance, use, enjoyment, or disposal of their investments, to treatment less favourable than that which it accords to its own investors or to investors of any third State.

3- Either of the Contracting Parties shall reserve the right to apply or introduce in accordance with its legislation an exception from the national treatment stipulated in Paragraphs (1) and (2) of this Article with regard to the investments and returns of the other Contracting Party, provided that such exceptions are not applied and introduced on a discriminatory basis as compared with the treatment applied and introduced to the investments and returns of the investors of any third State.

4- Unless specifically excepted, the treatment provided for in Paragraphs (1) and (2) herein shall apply to all the provisions of this Convention.

**Article (4)**

**Compensation for Losses**

1- Investors of one Contracting Party whose investments in the territory of the other Contracting Party suffer losses owing to war or other armed conflict, revolution, state of national emergency, revolt, insurrection, or riot in the territory of the other Contracting Party shall be accorded by the other Contracting Party treatment, as regards to restitution, indemnification, compensation, or other settlement, no less favourable than that which the other Contracting Party accords to investors of any third State, and any resulting payments must be freely transferable.

2- Without prejudice to the provisions of the aforementioned Paragraph (1), investors of one Contracting Party who, in any of the situations referred to in that Paragraph, suffer losses in the territory of the other Contracting Party resulting from:

a) The requisitioning of their investments or part thereof by the forces or authorities of the other Contracting Party.

b) The destruction of their property by the forces or authorities of the other Contracting Party, if such destruction did not take place in a combat battle or was required by the necessity of the circumstances.

In both cases, the investor shall be accorded restitution or adequate compensation. And any compensation amounts must be freely transferable.

**Article (5)**

**Expropriation**

1- Investments of investors of either Contracting Party shall not be nationalised, expropriated, or subjected to procedures having the same effect as nationalisation or expropriation (hereinafter referred to as "expropriation") in the territory of the other Contracting Party except for a public purpose relevant to the internal needs of that Party on a non-discriminatory basis and against prompt, adequate, and effective compensation. Such compensation shall amount to the genuine value of the investment expropriated immediately before the expropriation or before the impending expropriation became public knowledge, whichever is earlier. It shall also include a daily rate of compensation at a normal commercial rate until the date of payment and must be made without delay, be effectively realisable, and be freely transferable. The investor affected shall have the right to appeal by filing a lawsuit before the judiciary or other independent authority affiliated with that Contracting Party in whose territory the investment is located in order to assess the value of the investments in accordance with the provisions stipulated in this Article.

2- In the event that a Contracting Party expropriates the assets of a company that is incorporated or constituted under the law in force in any part of its territory and in which investors of the other Contracting Party own shares, it shall ensure that the provisions of the aforementioned Paragraph (1) are applied so as to guarantee prompt, adequate, and effective compensation in respect of their investment to such investors of the other Contracting Party who own such shares.

**Article (6)**

**Repatriation of Investment and Returns**

Each Contracting Party shall, in respect of investments, guarantee to the investors of the other Contracting Party, after all obligations regarding taxes and other related payments legitimately levied by a Contracting Party have been met by the investors, the unrestricted transfer of their investments and returns, including proceeds of sale and liquidation of any investment, together with any lawfully received monies connected to their investments, as well as any amounts or payments stated in any provision of this Convention. Transfers shall be effected without delay in the convertible currency in which the capital was originally invested or in any other convertible currency agreed upon by the investors and the Contracting Party concerned. Unless otherwise agreed by the investors, transfers shall be made at the rate of exchange applicable on the date of transfer pursuant to the exchange regulations in force.

**Article (7)**

**Exceptions**

The provisions of this Article shall not be construed as obligating either Contracting Party to grant investors of the other Contracting Party the benefits of any treatment, preference or concession resulting from:

a) Any existing or future customs union, free trade area, existing or future regional cooperation organisation, or similar international Convention to which either of the Contracting Parties is or may become a party.

b) Any international Convention or arrangement, or any domestic legislation, relating wholly or mainly to taxation.

**Article (8)**

**Convention's Scope of Application**

This Convention shall apply to investments made in the territory of one Contracting Party, in accordance with its national laws and regulations, by investors of the other Contracting Party, whether prior to or after the entry into force of this Convention. However, the Convention shall not apply to disputes that have arisen before its entry into force.

**Article (9)**

**Settlement of Disputes Between a Contracting Party and an Investor of the other Contracting Party**

1- For the purpose of settling disputes arising between a Contracting Party and an investor of the other Contracting Party, consultations shall be held between the parties concerned with a view to solving the matter, as far as possible, amicably.

2- If the dispute cannot be settled through consultations within three (3) months from the date of the request for settlement, the investor may submit the dispute, at his choice, for settlement to any of the following:

a- The competent court of the Contracting Party in the territory of which the investment has been made.

b- The International Centre for Settlement of Investment Disputes provided for by the Treaty on the Settlement of Investment Disputes between States and Nationals of Other States, signed in Washington on 18 March 1965.

c- An ad-hoc arbitral tribunal, which, unless otherwise agreed upon by the parties to the dispute, shall be established under the arbitration rules of the United Nations Commission on International Trade Law (UNCITRAL). The parties to the dispute may agree in writing to amend these provisions.

3- Each Contracting Party hereby consents to the submission of an investment dispute to international conciliation or arbitration and that any arbitral award shall be final and binding upon the parties to the dispute.

4- The Contracting Party that is a party to the dispute shall, at no time whatsoever during the procedures involving investment disputes, build its defence invoking the principle of sovereignty.

**Article (10)**

**Settlement of Disputes Between the Contracting Parties**

1- Disputes arising between the Contracting Parties concerning the interpretation or application of this Convention should, if possible, be settled through diplomatic channels.

2- If a dispute between the Contracting Parties cannot be settled through diplomatic channels, it shall, upon the request of either Contracting Party, be submitted to an arbitral tribunal.

3- Such an arbitral tribunal shall be constituted for each individual case in the following way: Within two months of the receipt of the request for arbitration, each Contracting Party shall appoint one member of the tribunal. Those two members 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 two months from the date of the other two members' appointments.

4- If within the periods specified in the aforementioned Paragraph (3) 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 to make any necessary appointments. If the President is a national of either Contracting Party or if he is otherwise prevented from discharging the said function, the Vice-President shall be invited to make the necessary appointments. If the Vice-President is a national of either Contracting Party or if he too is 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 by a majority of votes, and such decisions shall be final and binding on both Contracting Parties. Each Contracting Party shall bear the cost of its own member of the tribunal and of its representation in the arbitral proceedings; the cost of the Chairman and the remaining costs shall be borne in equal parts by the Contracting Parties. However, the tribunal may, in its decision, direct that a higher proportion of costs be borne by one of the two Contracting Parties, and this award shall be final and binding on both Contracting Parties. The tribunal shall independently establish its own procedures.

**Article (11)**

**Subrogation**

1- If one Contracting Party or its designated agency makes a payment under an indemnity given in respect of an investment in the territory of the other Contracting Party, the latter Contracting Party shall recognise the assignment to the former Contracting Party or its designated agency by law or by local transaction of all the rights and claims of the party indemnified and that the former Contracting Party or its designated agency is entitled to exercise such rights and enforce such claims by virtue of subrogation to the same extent as the party indemnified.

2- The former Contracting Party or its designated agency shall be entitled in all circumstances to the same treatment in respect of the rights and claims acquired by it by virtue of the assignment and any payments received in pursuance of those rights and claims as the party indemnified was entitled to receive by virtue of this Convention in respect of the investment concerned and its related returns.

3- Any payments received in non-convertible currency by the former Contracting Party or its designated agency in pursuance of the rights and claims acquired shall be freely available to the former Contracting Party for the purpose of meeting any expenditure incurred in the territory of the latter Contracting Party.

**Article (12)**

**Application of Other Provisions**

If the laws of either Contracting Party or obligations under international law existing at present or established hereafter between the Contracting Parties in addition to the present Convention contain rules, whether general or specific, entitling investments by investors of the other Contracting Party to a treatment more favourable than is provided for by the present Convention, such rules shall, to the extent that they are more favourable, prevail over the present Convention.

**Article (13)**

**Convention's Entry into Force**

Each Contracting Party shall notify the other of the completion of the constitutional procedures required for the entry into force of this Convention. This Convention shall enter into force on the date of receipt of the latter of the two notifications.

**Article (14)**

**Convention's Duration and Termination**

1- This Convention shall remain in force for an initial period of ten years. Thereafter, it shall continue in force for a period of twelve months from the date of notification to either party of its termination. In respect of investments made while this Convention is in force, its provisions shall continue in effect with respect to such investments for a period of ten years after the date of termination and without prejudice to the application thereafter of the rules of international law.

In witness whereof, the undersigned, duly authorised by their respective governments, have signed this Convention.

Done in in Manama on 9 February 2011, in two original copies in each of the Arabic, Turkmen, and English languages. All texts are equally authentic. In cases of divergence in interpretation, the English text prevails.

**For the Government of the Kingdom of Bahrain**

**For the Government of Turkmenistan**