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**Law No. (30) of 2012 Convention Between the Kingdom of Spain and the Kingdom of Bahrain for the Promotion and Reciprocal Protection of Investments**

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

Having reviewed the Constitution,

And the Convention Between the Kingdom of Spain and the Kingdom of Bahrain for the Promotion and Reciprocal Protection of Investments signed in Madrid on 22 May 2008,

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 Kingdom of Spain and the Kingdom of Bahrain for the Promotion and Reciprocal Protection of Investments signed in Madrid on 22 May 2008, and attached to this law, has been ratified.

**Article two**

The Prime Minister and Ministers– each within his jurisdiction– shall implement the provisions of this law and it shall come into force on the day following its publication in the Official Gazette.

**King of the Kingdom of Bahrain**

**Hamad bin Isa Al Khalifa,**

Issued at Riffa Palace:

On: 4 Shaaban 1433 A.H.

Corresponding to: 24 June 2012

**Convention Between the Kingdom of Spain and the Kingdom of Bahrain for the Promotion and Reciprocal Protection of Investments.**

The Government of the Kingdom of Spain and the Government of the Kingdom of Bahrain hereinafter referred to as "the Contracting Parties", desiring to intensify economic cooperation for the mutual benefit of both States ,for the purpose of creating favourable conditions for investments made by investors of one Contracting Party in the territory of the other Contracting Party, and recognizing that the promotion and reciprocal protection of investments under this Convention shall stimulate initiatives in this field, have agreed as follows:

**Article one**

**Definitions**

For the purposes of this Convention

1- "Investment" means all types of assets invested by investors of a Contracting Party In the territory of the other Contracting Party in accordance with the laws and regulations of this second Contracting Party, including but not limited to the following:

a- ownership of tangible and intangible, movable and immovable property, as well as other real rights, such as mortgages, levies, pledges, usufructs and similar rights.

b- the stakes, shares and bonds of a company or any other form of participation in a company or any economic enterprise.

c- tangible claims or any performance under a contract of financial value associated with an investment..

d- intellectual and industrial property rights; Technical processessecrets and goodwill.

e- rights to engage in economic and commercial activities, provided by law or under a contract, including concessions for exploration, cultivation, extraction or exploitation of natural resources.

Investments in the territory of a Contracting Party by any company of the same Contracting Party in which the investors of the other Contracting Party exercise effective ownership or control shall also be considered as investments made by investors of the second Contracting Party, if they are carried out in accordance with the laws and regulations of the first Contracting Party.

No change in the way the assets are invested or reinvested shall affect their investment character.

2- "**Investor**" means any national or any company of one of the Contracting Parties which makes investments in the territory of the other Contracting Party:

a- "national" means any natural person who is a national of either Contracting Party, in accordance with the law applicable in that Contracting Party.

b- "company" means, in respect of any Contracting Party, joint stock companies, trading companies and trade unions established or formed in accordance with the law in force in that Contracting Party and having its registered office in the territory of that Contracting Party; Contracting Party.

3- The term "proceeds" means amounts generated by investment and includes, in particular but not limited to, profits, revenues and income from debt claims, capital returns, royalties and fees."

4- "**Income from debt claims**" means income from claims of any Class, whether or not secured by a mortgage and whether or not they incorporate a benefit-sharing clause of the debtor, and, in particular, returns on government securities and yields of insurance instruments and debentures, including premiums and premiums linked to such guarantees, insurance instruments or bonds.

5- 'territory' means:

a- in respect of the Kingdom of Bahrain, the territory of the Kingdom of Bahrain, including the territorial sea, as well as the maritime areas, seabed and subsoil on which, in accordance with international law, the Kingdom of Bahrain Has or may have in the future jurisdiction and sovereign rights.

b- in respect of the Kingdom of Spain, the territory of the Kingdom of Spain, as well as any area outside its territorial sea over which, in accordance with international law and its domestic law, the Kingdom of Spain Has or may have in the future sovereign jurisdiction and rights with respect to the seabed, its subsoil and its superjacent waters and natural resources in accordance with the International Law and its local laws.

**Article two**

**Promotion and Admission of Investments**

1- Each Contracting Party shall, to the extent possible, promote in its territory the investments of investors of the other Contracting Party. Each Contracting Party shall admit such investments in accordance with its laws and regulations.

2- Where a Contracting Party has admitted an investment in its territory, it shall, in accordance with its laws and regulations, grant the necessary permits in respect of such investment and the execution of license agreements and technical, commercial or administrative assistance contracts. Each Contracting Party shall endeavour to issue the necessary authorizations in respect of the activity of the experts and other specialized personnel, irrespective of their nationality.

**Article three**

**Protection**

1- Investments made by investors of one Contracting Party in the territory of the other Contracting Party shall at all times be treated fairly and equitably and shall enjoy full protection and security in accordance with international law.

2- Neither Contracting Party shall in any way obstruct, through unjustified or discriminatory measures, the management, maintenance, use, enjoyment or disposal of such investments. Each Contracting Party shall comply with any obligation it may take up in writing in connection with investments of investors of the other Contracting Party.

**Article four**

**National Treatment and Most-favoured-nation Treatment**

1- Each Contracting Party shall grant in its territory investments made by investors of the other Contracting Party treatment no less favourable than that accorded to investments made by its own investors or by investors of any other State, whichever is most favourable to the investor concerned.

2- Each Contracting Party shall grant in its territory to investors of the other Contracting Party, in respect of the management, maintenance, use, enjoyment or disposal of its investments, treatment no less favourable than that accorded to its own investors or Investors of any third State, whichever is more favourable to the investor concerned.

3- Treatment accorded under Paragraphs (1) and (2) of this Article shall not be construed as obliging one Contracting Party to extend to the investors of the other Contracting Party and to its investments the benefits of any treatment, preference or privilege resulting from:

a- membership of, or association with, any free trade zone, customs union, economic or monetary union or similar international Conventions, including other forms of regional economic organization, future or existing.

b- any international Convention or arrangement which relates wholly or mainly to taxes or any domestic legislation which relates wholly or mainly to taxes.

4- To emphasize further, the Contracting Parties shall respect the provisions of this article without prejudice to the right of either Contracting Party to apply different tax treatment to different taxpayers according to their tax base.

**Article five**

**Expropriation**

1- Investments of investors of either Contracting Party in the territory of the other Contracting Party may not be nationalized, expropriated or subjected to any other measure having equivalent effect to nationalization or expropriation (hereinafter referred to as “Expropriation "), except in the public interest, in accordance with due process of law, in a non-discriminatory manner and by the payment of prompt, adequate and effective compensation.

2- Such compensation shall correspond to the market value of the investment expropriated immediately prior to the expropriation or before the imminence of the same becomes public knowledge, whichever occurs earlier (hereinafter referred to as "valuation date").

3- Such market value shall be expressed in a freely convertible currency at the prevailing market exchange rate for that currency at the valuation date. The indemnity shall include interest at a commercial rate established on the market basis for the currency of appraisal from the date of expropriation to the date of payment. The compensation shall be paid without delay, shall be effectively realizable and freely transferable.

4- The affected investor shall be entitled, in accordance with the law of the Contracting Party conducting the expropriation, to a prompt review of his case by a judicial authority or other competent and independent authority of that Contracting Party, including appraisal of Its investment and the payment of compensation, in accordance with the principles established in this article.

5- Where a Contracting Party expropriates the assets of a company incorporated under the laws in force in any part of its own territory and in which investors of the other Contracting Party have an interest, it shall ensure that the provisions of this article are applied in order to ensure prompt, adequate and effective compensation in respect of their investment to investors of the other Contracting Party who hold such shares.

**Article six**

**Compensation for Losses**

1- Investors of any Contracting Party whose investments in the territory of the other Contracting Party suffer losses due to war or other armed conflict, national state of emergency, revolution, insurrection or civil unrest, or any other similar event, shall be accorded by the latter Contracting Party in respect of restitution, compensation or other settlement, treatment no less favourable than that which the latter Contracting Party grants to its own investors or to investors of any third State, whichever is the most favourable to the investor concerned. Payments arising therefrom shall be freely transferable.

2- Notwithstanding Paragraph (1), investors of a Contracting Party of the situations referred to in that paragraph, suffer losses in the territory of the other Contracting Party as a result of:

a- the requisitioning of its investment or part of it by the forces or authorities of the latter.

b- the destruction of their investment or part of it by the forces or authorities of the latter, without being required by the necessity of the situation.

the latter Contracting Party will grant them a restitution or indemnity that in any case shall be prompt, adequate And effective. Payments arising therefrom shall be made without delay and shall be freely transferable.

**Article seven**

**Transfers**

1- Each Contracting Party shall guarantee to investors of the other Contracting Party the free transfer of all payments related to its investments. Such transfers shall include, in particular, but not exclusively:

a- initial capital and any amounts used to maintain or expand investment.

b- investment proceeds shall be as defined in Article (1).

c- funds for repayment of any loans related to an investment.

d- the compensation provided for in Articles (5) and (6).

e- the product obtained by the sale or total or partial liquidation of an investment.

f- the income and other remuneration of foreign contracted personnel in relation to an investment.

g- payments arising from the settlement of a dispute.

2- The transfers referred to in this Convention shall be made without delay in a freely convertible currency and at the exchange rate applicable on the date of the transfer.

**Article eight**

**Application of other Provisions**

1- If the legislation of either Contracting Party or obligations arising under international law, existing or subsequently arising between the Contracting Parties in addition to this Convention, contain rules, whether general or specific, by virtue of which it must be granted to investments made by investors of the other Contracting Party more favourable treatment than that provided for in this Convention, such rules shall prevail over this Convention to the extent that they are more favourable.

2- Conditions more favourable than those of this Convention which one of the Contracting Parties has agreed with investors of the other Contracting Party shall not be affected by this Convention.

3- Nothing in this Convention shall affect the provisions established by international Conventions in relation to the intellectual and industrial property rights in force on the date of the signature of this Convention.

**Article nine**

**Subrogation**

In the event of a Contracting Party or its designated body making a payment under an indemnity or guarantee or insurance contract against non-commercial risks granted in connection with an investment by any of its investors in the territory of the Contracting Party, the other Contracting Party shall recognize the assignment of any right or claim of such investor to the former Contracting Party or its designated body , by reason of subrogation, to exercise such right or claim with the same scope as its predecessor in the title. This subrogation shall enable the first Contracting Party or its designated body to be the direct beneficiary of any compensation or other compensation to which the investor may be entitled.

**Article ten**

**Settlement of Disputes between the Contracting Parties**

1- Any dispute between the Contracting Parties concerning the interpretation or application of this Convention shall be resolved, as far as possible, through diplomatic channels.

2- If it is not possible to settle the dispute in this way within six months from the beginning of the negotiations, it shall be submitted, at the request of either Contracting Party, to an arbitral tribunal.

3- The arbitral tribunal shall be constituted as follows: each Contracting Party shall designate one arbitrator, and those two arbitrators shall elect as the President of the Arbitral Tribunal a third-country national. The arbitrators shall be appointed within a period of three months and the President within five months from the date on which either Contracting Party shall notify the other contracting party of its intention to refer the dispute to an arbitral tribunal.

4- If the necessary appointments have not been made within the time limits laid down in Paragraph (3) of this Article, any Contracting Party may, in the absence of any other Convention, request the President of the International Court of Justice to make the necessary appointments. If the President is a national of one of the Contracting Parties or is unable to perform that function for other reasons, the Vice-President shall be urged to make the necessary appointments. If the Vice-President is a national of one of the Contracting Parties or is unable to perform such a function, he shall be urged to make the necessary appointments to the member of the International Court of Justice who follows him in seniority who is not a national of either Contracting Party.

5- The arbitral tribunal shall take its decision on the basis of the provisions contained in this Convention and the generally accepted principles of international law.

6- Unless the Contracting Parties decide otherwise, the tribunal shall establish its own procedure.

7- The arbitral tribunal shall take its decision by a majority of votes and that decision shall be final and binding on both Contracting Parties.

8- Each Contracting Party shall bear the expenses of its own arbitrator and those related to its representation in the arbitral proceedings. All other expenses, including those of the President, shall be borne equally by the two Contracting Parties. The court may indicate in its decision, however, that one of the Contracting Parties bears a greater share of expenses.

**Article eleven**

**Disputes between One Contracting Party and an Investor of the other Contracting Party**

1- Disputes between an investor of one Contracting Party and the other Contracting Party relating to an obligation of the latter under this Convention with respect to an investment of such investor shall be notified by the investor to the second Contracting Party in written form. To the extent possible, interested parties shall endeavour to resolve such disputes in an amicable manner through negotiations.

2-If these disputes can not be settled amicably within six months of the date of the written notification referred to in Paragraph (1), the dispute shall , at the option of the investor, be turned over to:

- The competent court of the Contracting Party in whose territory the investment was made.

- An ad hoc arbitration tribunal established under the Arbitration Rules of the United Nations Commission on International Trade Law (UNCITRAL).

- The International Centre for Settlement of Investment Disputes (ICSID) established under the "Convention on the Settlement of Investment Disputes between States and Nationals of Other States", opened for signature at Washington on 18 March 1965, In the event that both Contracting Parties become members of said Convention. If a Contracting Party which is a party to the dispute has not become a Contracting State to the aforementioned Convention, the dispute shall be settled in accordance with the Additional Facility Rules of The International Centre for Settlement of Investment Disputes relevant to the Administration of Conciliation, Arbitration and Disclosure.

3- Arbitration shall be based on the rules of this Convention and the national law of the Contracting Party which is carrying out investment in its territory including rules relating to conflicts of law, rules and general principles of the International Law and in generally accepted rules and principles of law insofar as they are applicable.

4- A Contracting Party may not argue that the investor has received or may receive, under a guarantee or an insurance contract, compensation or other compensation for all or part of the damages in question.

5- Arbitral decisions shall be final and binding on the parties to the dispute. Each Contracting Party undertakes to implement decisions in accordance with its national legislation.

**Article twelve**

**Area of application**

This Convention shall apply to investments made by investors of either Contracting Party in the territory of the other Contracting Party both before and after the entry into force of this Convention.

**Article thirteen**

**Entry Into Force, Duration and Termination**

1- This Convention shall enter into force on the date on which the Contracting Parties have notified each other of the fulfilment of their respective constitutional requirements necessary for the entry into force of international Conventions.

2- This Convention shall remain in force for an initial period of ten years. After such initial ten-year period, it shall remain in force indefinitely, unless either Contracting Party notifies the other Contracting Party in writing of its decision to terminate the Convention. The notice of termination shall take effect one year after the date of such notice.

3- In respect of investments made before the date of termination of this Convention, the provisions contained in Articles (1) to (12) shall continue to apply for an additional period of ten years from the date of termination thereof.

In witness whereof the undersigned, duly authorized thereto by their governments, have signed this Convention.

Done in duplicate at Madrid, this 22nd day of May 2008, in the Arabic, Spanish and English languages, all texts being equally authentic. In case of divergence between the texts, the English text shall prevail.

**For the Kingdom of Bahrain For the Kingdom of Spain**