

INVESTMENT GUARANTY AGREEMENT BETWEEN  
THE GOVERNMENT OF THE UNITED STATES OF AMERICA  
AND THE GOVERNMENT OF THE HUNGARIAN  
PEOPLE'S REPUBLIC

The Government of the United States of America and the Government of the Hungarian People's Republic, desiring to encourage economic activities in the Hungarian People's Republic which promote the development of the economic resources and productive capacities of the Hungarian People's Republic and to provide for investment insurance (including reinsurance) and guaranties which are backed in whole or in part by the credit or public monies of the United States of America and are administered either directly by the Overseas Private Investment Corporation ("OPIC"), an independent government corporation organized under the laws of the United States of America, or pursuant to arrangements between OPIC and commercial insurance, reinsurance and other companies, have agreed as follows:

ARTICLE 1

As used herein, the term "Coverage" shall refer to any investment insurance, reinsurance or guaranty which is issued in accordance with this Agreement by OPIC, by any successor agency of the United States of America or by any other entity or group of entities, pursuant to arrangements with OPIC or any successor agency, all of whom are hereinafter deemed included in the term "Issuer" to the extent of their interest as insurer, reinsurer, or guarantor in any Coverage, whether as a party or successor to a contract providing Coverage or as an agent for the administration of Coverage. OPIC, or any successor agency, shall serve at all times as representative of the Issuer in its dealings with the Government of the Hungarian People's Republic.

ARTICLE 2

The procedures set forth in this Agreement shall apply only with respect to Coverage or direct loans relating to projects or activities registered with or otherwise approved by the Hungarian People's Republic or to Coverage or direct loans relating to projects with respect to which the Hungarian People's Republic, or any agency or political subdivision thereof, has entered into a contract involving the provision of goods or services or invited tenders on such a contract.

ARTICLE 3

(a) If the Issuer makes payment to any party under Coverage, the Government of the Hungarian People's Republic shall, subject to the provisions of Article 4 hereof, recognize the transfer to the Issuer of any currency, credits, assets, or investment on account of which payment under such Coverage is made as well as the succession of the Issuer to any right, title, claim, privilege, or cause of action existing, or which may arise, in connection therewith.

(b) The Issuer shall assert no greater rights than those of the transferring party under Coverage with respect to any interests transferred or succeeded to under this Article.

(c) The issuance of Coverage outside of the Hungarian People's Republic with respect to a project or activity in the Hungarian People's Republic shall not subject the Issuer to regulation under the laws of the Hungarian People's Republic applicable to insurance or financial organizations.

(d) Interest and fees on loans made or guaranteed by the Issuer shall be exempt from tax in the Hungarian People's Republic. The Issuer shall not be subject to tax in the Hungarian People's Republic as a result of any

transfer or succession which occurs pursuant to Article 3(a) hereof. Tax treatment of other transactions conducted by the Issuer in the Hungarian People's Republic shall be determined by applicable law or specific agreement between the Issuer and appropriate fiscal authorities of the Government of the Hungarian People's Republic.

ARTICLE 4

To the extent that the laws of the Hungarian People's Republic partially or wholly invalidate or prohibit the acquisition from a party under Coverage of any interest in any property within the territory of the Hungarian People's Republic by the Issuer, the Government of the Hungarian People's Republic shall permit such party and the Issuer to make appropriate arrangements pursuant to which such interests are transferred to an entity permitted to own such interests under the laws of the Hungarian People's Republic.

ARTICLE 5

Amounts in the lawful currency of the Hungarian People's Republic, including credits thereof, acquired by the Issuer by virtue of such Coverage shall be accorded

treatment by the Government of the Hungarian People's Republic no less favorable as to use and conversion than the treatment to which such funds would be entitled in the hands of the party under Coverage.

Such amounts and credits may be transferred by the Issuer to any person or entity and upon such transfer shall be freely available for use in accordance with local law by such person or entity in the territory of the Hungarian People's Republic.

The same treatment, and right of transfer and disposition, shall be accorded to any amounts and credits in the lawful currency of the Hungarian People's Republic which may be accepted by the Issuer in settlement of obligations with respect to loans made by the Issuer for projects in the Hungarian People's Republic.

#### ARTICLE 6

(A) Nothing in this Agreement shall limit the right of the Government of the United States of America to assert a claim under international law in its sovereign capacity, as distinct from any rights it may have as Issuer.

(B) Any dispute between the Government of the United States of America and the Government of the Hungarian People's Republic regarding the interpretation of this Agreement or which, in the opinion of one of the

... Governments, involves a question of public international law arising out of any project or activity for which Coverage has been issued shall be resolved, insofar as possible, through negotiations between the two Governments. If at the end of three months following the request for negotiations the two Governments have not resolved the dispute by agreement, the dispute, including the question of whether such dispute presents a question of public international law, shall be submitted, at the initiative of either Government, to an arbitral tribunal for resolution in accordance with Article 7.

ARTICLE 7

The arbitral tribunal for resolution of disputes pursuant to Article 6(b) shall be established and function as follows:

- (i) Each Government shall appoint one arbitrator; these two arbitrators shall designate a president by common agreement who shall be a citizen of a third state and be appointed by the two Governments. The arbitrator shall be appointed within two months and the president within three months of the date of receipt of either Government's request for arbitration. If the appointments are not made within the foregoing time limits, either Government may, in the absence of any other agreement, request

the Secretary-General of the International Centre for the Settlement of Investment Disputes to make the necessary appointment or appointments, and both Governments agree to accept such appointment or appointments.

(ii) The arbitral tribunal shall base its decision on the applicable principles and rules of public international law. The arbitral tribunal shall decide by majority vote. Its decision shall be final and binding.

(iii) Each of the Governments shall pay the expense of its arbitrator and of its representation in the proceedings before the arbitral tribunal; the expenses of the president and the other costs shall be paid in equal parts by the two Governments. The arbitral tribunal may adopt regulations concerning the costs, consistent with the foregoing.

(iv) In all other matters, the arbitral tribunal shall regulate its own procedures.

#### ARTICLE 8

This Agreement shall continue in force until six months from the date of receipt of a note by which one Government informs the other of an intent no longer to be

a party to the Agreement. In such event, the provisions of the Agreement with respect to Coverage issued while the Agreement was in force shall remain in force for the duration of such Coverage, but in no case longer than twenty years after the <sup>termination</sup> ~~denunciation~~ of the Agreement.

*Am 3. To mpe ltr*

This Agreement shall enter into force on the date on which each government shall have notified the other that its constitutional or other legal requirements with respect to this agreement have been fulfilled.

IN WITNESS WHEREOF, the undersigned, duly authorized thereto by their respective governments, have signed this Agreement.

Done at Budapest in duplicate, on the ninth day of October, one thousand nine hundred eighty-nine.

For the Government of  
THE UNITED STATES OF AMERICA

For the Government of  
THE HUNGARIAN PEOPLE'S REPUBLIC

*[Signature]*

*To mpe ltr*