

INVESTMENT INCENTIVE AGREEMENT  
BETWEEN  
THE GOVERNMENT OF THE UNITED STATES OF AMERICA  
AND  
THE GOVERNMENT OF THE STATE OF BAHRAIN

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The Government of the United States of America and the Government of the State of Bahrain, recalling the conversations which have recently taken place between representatives of the two Governments relating to economic activities in the State of Bahrain which promote the development of the economic resources and productive capacities of the State of Bahrain and to 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.

ARTICLE 2

The procedures set forth in this Agreement shall apply only with respect to Coverage relating to projects or activities registered with or otherwise approved by the Government of the State of Bahrain in accordance with its established procedures or to Coverage relating to projects with respect to which the Government of the State of Bahrain, or any agency or political subdivision thereof, has entered into a contract involving the provision of goods or services.

ARTICLE 3

- (a) If the Issuer makes payment to any part under Coverage, the Government of the State of Bahrain shall, subject to the provisions of Article 4 hereof, recognize the transfer to the issuer of or the succession of the issuer to any right, title, claim, privilege, or cause of action existing, or which may arise, in connection with any currency, credits, assets, or investment on account of which payment under such Coverage is made.
- (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 and any such interest shall be subject to any valid security interest, encumbrance, right of set-off or counterclaim enforceable against such party with respect to such interest. 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.

- (c) The issuance of Coverage outside of the State of Bahrain with respect to a project or activity in the State of Bahrain shall not subject the Issuer to regulation under the laws of the State of Bahrain applicable to insurance or financial organizations.

ARTICLE 4

To the extent that the laws of the State of Bahrain partially or wholly invalidate or prohibit the acquisition from a party under Coverage of any interest in any property within the territory of the State of Bahrain by the Issuer, the Government of the State of Bahrain agrees that such party and the Issuer may make appropriate arrangements pursuant to which such interests are transferred to an entity permitted to own such interests under the laws of the State of Bahrain.

ARTICLE 5

Amounts in the lawful currency of the State of Bahrain, including credits thereof, acquired by the Issuer by virtue of such Coverage shall be accorded treatment by the Government of the State of Bahrain no less favourable as to transfer, use and conversion than the treatment to which such funds would be entitled in the hands of the party under Coverage and shall be freely available to the Government of the United States of America for its use in the State of Bahrain.

ARTICLE 6

- (a) Any dispute between the Government of the United States of America and the Government of the State of Bahrain 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 6(b).

(b) The arbitral tribunal for resolution of disputes pursuant to Article 6(a) 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 arbitrators 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 a majority vote. Its decision shall be final and binding.

- (iii) Each of the Government shall pay the expense of its arbitrator and of its representation in the proceedings before the arbitral tribunal; the expenses of the President and 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.

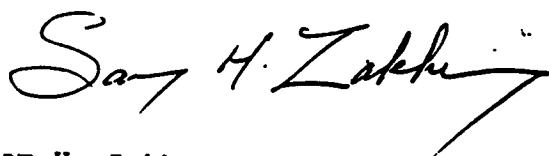
ARTICLE 7

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 denunciation of the Agreement.

This agreement shall enter into force on the date of signature.

Done at Manama, State of Bahrain, in duplicate, this 25<sup>th</sup> day of April. 1987.

For the Government of the  
United States of America



Sam H. Zakhem  
Ambassador

For the Government of the  
State of Bahrain



Ebrahim Abdul Kareem Mohamed  
Minister of Finance and National  
Economy