

# **AGREEMENT BETWEEN THE GOVERNMENT OF THE REPUBLIC OF CROATIA AND THE GOVERNMENT OF THE SULTANATE OF OMAN ON THE PROMOTION AND RECIPROCAL PROTECTION OF INVESTMENTS**

The Government of the Republic of Croatia and the Government of the Sultanate of Oman (hereinafter referred to as the "Contracting Parties" and each referred to as the "Contracting Party"),

Desiring to expand and strengthen the existing economic cooperation between the Contracting Parties to their mutual benefit, and to create conditions conducive to increased investments by investors of one Contracting Party in the territory of the other Contracting Party,

Recognizing that agreement upon the treatment to be accorded to such investment will stimulate the flow of private capital, transfer of technology and the economic development of the Contracting Parties;

Agreeing that a stable framework for investment will maximize effective utilization of economic resources and increase prosperity;

Having resolved to conclude the Agreement on the promotion and reciprocal protection of investments;

Have agreed as follows:

## **Article 1. Definitions**

For the purposes of this Agreement:

1. The term "investment" means every kind of asset established or acquired by investors of one Contracting Party in the territory of the other Contracting Party in accordance with its laws and regulations and shall include in particular, though not exclusively:
  - a) Movable and immovable property as well as any other rights in rem such as mortgages, liens, pledges and similar rights;
  - b) Stocks, shares, debentures and other forms of participation in companies;
  - c) Claims to money or to any performance having economic value, including every loan granted for the purpose of creating economic value;
  - d) Intellectual property rights, as defined in the multilateral agreements concluded under the auspices of the World Intellectual Property Organisation, in so far as both Contracting Parties are parties to them including, but not limited to, copyrights and neighbouring rights, industrial property rights, trademarks, patents, industrial designs and technical processes, rights in plants varieties, know-how, trade secrets, trade names and goodwill;
  - e) Rights to engage in economic and commercial activities conferred by law and by virtue of a contract, including concessions to search for, cultivate, extract or exploit natural resources.

Any change of the form in which an asset is invested or reinvested shall not affect its character as an investment provided that such change is in conformity with the legislation of the Contracting Party on the territory of which the investment is made.

2. The term "investor" means in respect of either Contracting Party:
  - a) A natural person possessing a nationality of either Contracting Party, who makes an investment in the territory of the other Contracting Party;
  - b) A legal person incorporated, constituted or otherwise duly organised in accordance with the laws and regulations of one Contracting Party, having its seat and performing real business activity in the territory of the same Contracting Party and making an investment in the territory of the other Contracting Party;

3. The term "returns" means income deriving from an investment and includes, in particular though not exclusively, profits, dividends, interests, capital gains, royalties, patents, licence fees, and other fees. Reinvested returns shall enjoy the same treatment as the original investment.
4. The term "without delay" shall mean such period as is normally required for the completion of necessary formalities for the transfer of payments. The said period shall commence on the day on which the request for transfer has been submitted and may on no account exceed one month.
5. The term "freely convertible currency" means a currency which is widely traded in international foreign exchange markets and widely used in international transactions.
6. The term "territory" means the territory of each Contracting Party as defined in its laws as well as those maritime areas adjacent to the outer limit of the territorial sea including the seabed and subsoil, over which each Contracting Party exercises, in accordance with international law, its sovereign rights and jurisdiction.

## **Article 2. Promotion and Admission of Investments**

1. Each Contracting Party shall encourage and create favourable conditions for investors of the other Contracting Party to make investments in its territory and shall admit such investments in accordance with its laws and regulations.
2. In order to encourage mutual investment flows, each Contracting Party shall endeavor to inform the other Contracting Party, at the request of either Contracting Party, of the investment opportunities in its territory.
3. Each Contracting Party shall grant, whenever necessary, in accordance with its laws and regulations, without delay, the permits required in connection with the activities of consultations or experts engaged by investors of the other Contracting Party in relation to the establishment of investments.
4. Each Contracting Party shall permit, subject to its laws, regulations and procedures affecting the entry, stay and work of natural persons, regardless of nationality, key personnel including top managerial and technical persons who are employed for the purposes of investments by an investor of the other Contracting Party, to enter, stay and work in its territory. Immediate family members (spouse and minor children) of such key personnel shall also be granted similar treatment with regard to the entry and temporary stay in the host Contracting Party

## **Article 3. Protection of Investments**

1. Each Contracting Party shall admit, promote and protect in its territory, in accordance with its legislation and with the provisions of this Agreement, investments made by investors of the other Contracting Party.
2. Investments or returns of investors of either Contracting Party in the territory of the other Contracting Party shall be accorded fair and equitable treatment in accordance with international law and provisions of this Agreement.
3. Each Contracting Party shall not impose in its territory unreasonable or discriminatory measures on investments by investors of the other Contracting Party concerning purchase of materials, means of production, operation, transport and marketing of its products.
4. Each Contracting Party shall respond to specific questions and provide, upon request, information to the other Contracting Party on its laws, regulations, procedures as well as international agreements which may affect the operation of this Agreement.

## **Article 4. National Treatment and Most Favoured Nation Treatment**

1. Each Contracting Party shall apply in its territory to the investors of the other Contracting Party, with respect to their investments and activities related to investments, a treatment not less favourable than that granted to the investors of any third state.
2. Neither Contracting Party shall accord in its territory to the investors of the other Contracting Party, as regards management, maintenance, enjoyment, use or disposal of their investment, a treatment which is less favourable than that which it accords to its own investors or to investors of any third State, whichever is more favourable to the investors concerned.
3. The provisions of paragraphs 1 and 2 of this Article shall not be construed so as to oblige one Contracting Party to extend to the investors of the other Contracting Party the benefit of any treatment, preference or privilege which may be extended

by the former Contracting Party by virtue of:

- a) Any existing or future free trade area, customs union or economic union, or similar international agreement, to which either of the Contracting Party is or may become a party in the future,
- b) Any arrangement related to taxation .

## **Article 5. Expropriation**

1. A Contracting Party shall not expropriate or nationalise directly or indirectly an investment in its territory of an investor of the other Contracting Party or take any measures having equivalent effect (hereinafter referred to as "expropriation") except:

- a) For a purpose which is in the public interest,
- b) On a non-discriminatory basis,
- c) In accordance with the relevant laws and regulations.
- d) Accompanied by payment of prompt, adequate, and effective compensation.

2. Compensation shall be paid without delay.

3. Such compensation shall amount to the fair market value of the expropriated investment at the time immediately before the expropriation was taken or became publicly known, whichever is earlier. Where the market value cannot be readily ascertained, the compensation shall be determined in accordance with the generally recognized principles of valuation and on equitable principles taking into account, inter alia, the capital invested, depreciation, capital already repatriated, replacement value and other relevant factors.

4. Such fair market value shall be expressed in a freely convertible currency on the basis of the market rate of exchange prevailing for that currency at the time referred to in paragraph 3 of this Article. Compensation shall also include interest at the current LIBOR rate of interest applicable to the currency in which the investment was originally undertaken, from the expropriation date until the date of actual payment.

5. The investor, whose investments are expropriated, shall have the right to prompt review of his case by a judicial or other competent authority of that Contracting Party, in relation to the valuation of its investments and payment of compensation in accordance with the principles set out in this Article.

## **Article 6. Compensation for Damage or Loss**

1. When investments made by investors of either Contracting Party suffer loss or damage owing to war or other armed conflict which is not a result of the activities of the Contracting Party to which the investors belong, civil disturbances, revolution, riot or similar events in the territory of the latter Contracting Party, as regards restitution, indemnification, compensation or any other settlement, they shall be accorded treatment not less favourable than that the latter Contracting Party accords to its own investors or to investors of any third State, whichever is most favourable to the investors concerned.

2. Without prejudice to paragraph 1 of this Article, investors of one Contracting Party who in any of the events referred to in that paragraph suffer damage or loss in the territory of the other Contracting Party resulting from:

- a) Requisitioning of their property or part thereof by its forces or authorities;
- b) Destruction of their property or part thereof by its forces or authorities which was not caused in combat action or was not required by the necessity of the situation,

Shall be accorded restitution, and where applicable, prompt, adequate and effective compensation for damage or loss sustained during the period of requisitioning or as a result of destruction of their property. Resulting payments shall be made in freely convertible currency without delay. 3. An investor whose investments suffer damage or loss in accordance with paragraph 2 of this Article, shall have the right to prompt review of his case by a judicial or other competent authority of the Contracting Party and of valuation of its investments and payment of compensation in accordance with principles set out in paragraph 2 of this Article.

## **Article 7. Transfers**

1. Each Contracting Party shall ensure that all payments relating to an investment in its territory of an investor of the other Contracting Party be freely transferred into and out of its territory without delay. Such transfers shall include, in particular, though not exclusive:

- a) The initial capital and additional amounts to maintain or increase an investment;
- b) Returns;
- c) Payments made under a contract including a loan agreement;
- d) Proceeds from the sale or liquidation of all or any part of an investment, after payment of their financial obligations;
- e) Payments of compensation under Articles 5 and 6 of this Agreement;
- f) Payments arising out of the settlement of an investment dispute;
- g) Earnings and other remuneration of nationals of the other Contracting Party and nationals of any third state who are allowed to work in connection with investments in its territory.

2. Each Contracting Party shall ensure that the transfers will be made without delay, with no other expenses than the usual taxes and costs. Transfers shall be made in a freely convertible currency at the rate applicable on the day transfers are made.

## **Article 8. Subrogation**

If a Contracting Party or its designated agency makes a payment under an indemnity, guarantee or contract of insurance given in respect of an investment of an investor in the territory of the other Contracting Party, the latter Contracting Party shall recognise the assignment of any right or claim of such investor to the former Contracting Party or its designated agency to exercise by virtue of subrogation any such right and claim to the same extent as its predecessor in title.

## **Article 9. Application of other Legal Provisions**

If the provisions of law of either Contracting Party or international obligations existing at present or established thereafter between the Contracting Parties in addition to the present Agreement, contain a rule, 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 Agreement, such rule shall, to the extent that it is more favourable, prevail over the present Agreement.

## **Article 10. Settlement of Disputes between a Contracting Party and an Investor of the other Contracting Party**

1. Any investment dispute between a Contracting Party and an investor of the other Contracting Party shall be settled by negotiations.

2. If a dispute under paragraph 1 of this Article cannot be settled within six (6) months of a written notification, the dispute shall be upon request of the investor settled as follows:

- a) By a competent court of the Contracting Party, or
- b) By conciliation or arbitration by the International Center for Settlement of Investment Disputes (ICSID), established by the Convention on the Settlement of Investment Dispute between States and Nationals of other States, opened for signature in Washington on March 18th, 1965. In case of arbitration, each Contracting Party, by this Agreement irrevocably consents in advance, even in the absence of an individual arbitral agreement between the Contracting Party and the investor, to submit any such dispute to this Center. This consent implies the renunciation of the requirement that the internal administrative or judicial remedies should be exhausted; or
- c) By arbitration by three arbitrators in accordance with the Arbitration Rules of the United Nations Commission on International Trade Law (UNCITRAL), as amended by the last amendment accepted by both Contracting Parties at the time of the request for initiation of the arbitration procedure. In case of arbitration, each Contracting Party, by this Agreement irrevocably consents in advance, even in the absence of an individual arbitral agreement between the Contracting Party and the investor to submit any such dispute to the tribunal mentioned; or
- d) By arbitration in accordance with the Rules of Arbitration of the International Chamber of Commerce (ICC).

3. The award shall be final and binding; it shall be executed according to the national law; each Contracting Party shall ensure the recognition and enforcement of the arbitral award in accordance with its relevant laws and other regulations.

4. A Contracting Party which is a party to a dispute shall not, at any stage of conciliation or arbitration proceeding or enforcement of an award, raise the objection that the investor who is the other party to the dispute has received an indemnity by virtue of a guarantee in respect of all or a part of its losses.

## **Article 11. Settlement of Disputes between the Contracting Parties**

1. Dispute between the Contracting Parties concerning the interpretation or application of this Agreement shall be settled amicably by negotiations.

2. If a dispute according to paragraph 1 of this Article cannot be settled within six (6) months it shall, upon request of either Contracting Party, be submitted to an arbitral tribunal.

3. Such arbitral tribunal shall be constituted ad hoc as follows: each Contracting Party shall appoint one arbitrator and these arbitrators shall agree upon a national of a third State which maintains diplomatic relations with both Contracting Parties as their chairman. Such arbitrators shall be appointed within two (2) months from the date one Contracting Party has notified the other Contracting Party, of its intention to submit the dispute to an arbitral tribunal. The chairman shall be appointed within two (2) further months.

4. If the periods specified in paragraph 3 of this Article are not observed, either Contracting Party may, in the absence of any other relevant arrangement, invite the President of the International Court of Justice to make the necessary appointments. If the President of International Court of Justice is a national of either of the Contracting Parties or if he is otherwise prevented from discharging the said function, the Vice-President shall make the appointments. In case of the latter's inability to do so for the same reasons, the member of the International Court of Justice next in seniority should be invited under the same conditions to make the necessary appointments.

5. The arbitral tribunal shall establish its own rules of procedure.

6. The arbitral tribunal shall reach its decision by virtue of the present Agreement and pursuant to the rules of international law. It shall reach its decision by majority of votes; the decision shall be final and binding.

7. Each Contracting Party shall bear the costs of its own member and of its legal representation in the arbitration proceedings. The costs of the chairman and the remaining costs shall be borne in equal parts by both Contracting Parties. The arbitral tribunal may, however, in its award determine another distribution of costs.

## **Article 12. Application of the Agreement**

This Agreement shall apply to investments made prior to or after the entry into force of this Agreement, but shall not apply to any investment dispute that may have arisen or any claim, which was settled before its entry into force.

## **Article 13. Entry Into Force**

This Agreement shall enter into force on the thirtieth day following the date of receipt of the latter notification through diplomatic channels by which one Contracting Party notifies the other that its internal legal requirements for the entry into force of this Agreement have been fulfilled.

## **Article 14. Consultations**

Each Contracting Party may propose to the other Contracting Party consultations on any matter relating to this Agreement. These consultations shall be held at a place and at a time to be agreed upon through diplomatic channels.

## **Article 15. Duration and Denunciation**

1. This Agreement shall remain in force for a period of twenty (20) years and shall be extended thereafter for further twenty (20) years periods unless, one year before expiration of the initial or any subsequent period, one Contracting Party notifies through diplomatic channels the other Contracting Party of its intention to denounce the Agreement. In that case, the denunciation shall become effective by the expiration of the current period of twenty (20) years.

2. In respect of investments made prior to the date when the denunciation of this Agreement becomes effective, the

provisions of this Agreement shall continue to be effective for a period of twenty (20) years from the date of denunciation of this Agreement.

IN WITNESS WHEREOF, the undersigned representatives, duly authorised thereto, have signed the present Agreement.

DONE at \_\_\_\_\_, on \_\_\_\_\_, in two originals, each in the Croatian, Arabic and English languages, all texts being equally authentic. In case of divergency of interpretation, the English text shall prevail.

FOR THE GOVERNMENT OF THE REPUBLIC OF CROATIA FOR THE GOVERNMENT OF THE SULTANATE OF OMAN