

Agreement between the Swiss Confederation and the Republic of Costa Rica on the protection and promotion of investment

Signed on 1 September 1965 entered into force on 18 August 1966

The Government of the Swiss Confederation and the Government of the Republic of Costa Rica, desiring to strengthen the economic cooperation between the two States, so as to contribute to the process of economic development,

Desiring to create favourable conditions for investment companies or natural persons of one of the two States in the territory of the other State,

Recognizing the need to protect investments in order to stimulate economic initiative, have decided to conclude this agreement and to this end have designated as their plenipotentiaries:

(the names of the Plenipotentiaries) which have agreed as follows:

1. Each High Contracting Parties undertakes to protect the assets invested in its territory by companies or natural persons of the other party and shall not impair unreasonable or discriminatory measures by the management, maintenance, use, enjoyment, increasing and, where appropriate, the clearance of such goods. Each Party shall issue the required authorisations, particularly with regard to investment as well as the conclusion and implementation of contracts, commercial or administrative assistance.

2. In particular, the companies or natural persons of one of the High Contracting Parties shall enjoy, as regards their property in the territory of the other party fair and equitable treatment, at least equal to that is recognised by that party to its nationals or, if it is more favourable treatment granted to companies or to natural persons of the most favoured nation.

The most-favoured-nation treatment provided for in article I of this Agreement shall not apply to privileges which one of the Contracting Parties has granted or will grant to countries with which it is bound or shall be bound by virtue of a free trade area or a customs union.

Each High Contracting Party in the territory of which companies or natural persons of the other party have invested assets or operate shall grant to those companies or natural persons the free transfer of:

- a. Profits, dividends, interests and other income;
- b. Royalties and other payments deriving from licence fees and commercial, administrative or technical assistance;
- c. Depreciation allowances and repayments of contracts;
- d. Amounts intended to cover expenses relating to the management of the investment;
- e. Additional contributions of capital necessary for the maintenance or development of assets invested;
- f. The proceeds of the partial or total liquidation of the investment, including possible gains;
- g. The product of the work or activity.

None of the High Contracting Parties shall not take any measures of expropriation, nationalization or dispossession, other direct or indirect, against property belonging to companies or to natural persons of the other party, except for reasons of public interest and provided that such measures are subject to the payment of adequate and effective compensation in accordance with international law. The amount of such compensation, which shall be fixed at the time of expropriation, nationalization or dispossession, other shall be settled in a currency transferable and shall be paid without delay to the entitled person, irrespective of his place of residence or its headquarters.

The provisions more favourable than those of this Agreement which have been agreed by one of the High Contracting Parties with companies or natural persons of the other party are reserved.

For the purposes of this Agreement:

a. "Natural persons" are defined as those persons, who according to the legislation of each of the Contracting States, are considered to be its citizens of that State;

b. "Companies" are:

1. As regards Switzerland, communities, schools or foundations having legal personality as well as societies in collective names or limited partnerships and other communities of persons without legal personality, which are constituted or organized under the Swiss law or where the Swiss nationals have, directly or indirectly, a preponderant interest;

2. With respect to Costa Rica, organizations and communities having legal personality and without having the character, are constituted or organized under the law of Costa Rica and in which Costa Ricans nationals have directly or indirectly a dominant interest.

c. The term "investment" or "goods" include:

1. The movable and immovable property as well as any other rights in rem such as mortgages, pledge, security interests, usufruct and similar rights;

2. Shares and other forms of participation;

3. Monetary claims and rights to any performance having an economic value;

4. Copyrights, trademarks, patents, technical processes, trade names, trademarks and goodwill;

5. The concessions under public law, including concessions to search for, extract and exploit natural resources.

The High Contracting Parties have agreed to resolve amicably in the spirit of this Agreement differences arising from the interpretation or implementation of its provisions. If they cannot reach an agreement within six months in a satisfactory manner, the dispute shall be settled by an arbitration mechanism. Each party shall appoint an arbitrator to constitute the Arbitral Tribunal.

The two arbitrators appointed shall appoint the Umpire who shall be a national of a third State.

If a Party has not appointed its arbitrator and has not followed the invitation of the other party within two months of such appointment, the arbitrator shall be appointed by the latter Party upon request by the President of the International Court of Justice.

If the two arbitrators cannot reach an agreement within two months after their appointment, at the choice of an umpire, the latter shall be appointed upon the request of either party by the President of the International Court of Justice.

If in the cases specified in paragraphs 2 and 3 of this article, the President of the International Court of Justice is prevented or if he is a national of either party, the appointment shall be made by the Vice-President. If the latter is prevented or if he is a national of either party, the appointment shall be made by the most senior member of the Court who is not a national of either party.

Unless the Parties decide otherwise, the tribunal shall determine its own procedure.

The decisions of the Tribunal shall be binding on the parties.

1. This Agreement shall enter into force when each High Contracting Party has notified the other that it has complied with the constitutional requirements for the conclusion and entry into force of the international agreements.

2. This agreement is concluded for a period of five years. If it is not denounced six months before the expiry of this period, this shall be considered as renewed for a period of two years, and so on.

3. In the event of termination, the provisions of articles 1 to 7 above shall apply for a period of ten years for investments made prior to the termination of the Agreement.

Done at Berne on 1 September 1965, in duplicate in the French and Spanish languages, both texts being equally authentic.

For the Government of the Swiss Confederation:

Paul R. Jolles

For the Government of the Republic of Costa Rica:

Bernal Jiménez