

# Agreement between the Swiss Confederation and the Republic of Honduras on the Promotion and Reciprocal Protection of Investments

Signed on 14 October 1993

Enter into force by exchange of notes on 31 August 1998

(State on 7 September 2004)

## Article 1. Definitions

For the purposes of this Agreement:

(1) the term means investor in respect of either Contracting Party,

(a) Natural persons who, according to the law of that Contracting Party, are considered to be its nationals;

(b) Legal entities, including companies registered partnerships, corporations or other organizations, which are constituted or otherwise organised under the law of that Contracting Party and having their seat together with real economic activities, in the territory of that same Contracting Party;

(c) Legal entities established in accordance with the law of any country, which are directly or indirectly controlled by nationals of that Contracting Party or by legal entities having their seat together with real economic activities, in the territory of that Contracting Party.

(2) The term "investment" includes all categories of assets and in particular:

(a) Ownership of movable and immovable property as well as any other rights in rem servitudes, charges, such as movable and immovable property, pledges;

(b) The actions, and other forms of participation shares in companies;

(c) Monetary claims and rights to any performance having an economic value;

(d) Copyrights, industrial property rights, such as patents, utility models, industrial designs or models, trade marks, trademarks, trade names, indication of origin), know-how and goodwill;

(e) The concessions, including extract concessions to search for or exploit natural resources, as well as any other rights conferred by law, by contract or by decision of the Authority in accordance with the law.

(3) The term "territory" refers to the geographical area over which the contracting party exercises sovereignty or jurisdiction in accordance with international law.

## Article 2. Encouragement , Admission

(1) Each Contracting Party shall promote as far as possible investments by investors of the other contracting party in its territory and admit such investments in accordance with its laws and regulations.

(2) Once it has admitted an investment in its territory, each Contracting Party shall issue the required authorisations in connection with such investments and with the carrying out of licensing agreements, technical, commercial or administrative assistance. it shall issue, in accordance with its laws and regulations, the necessary authorizations concerning the activities of consultants and other qualified persons of foreign nationality.

### **Article 3. Protection , Treatment**

(1) Each Contracting Party shall protect within its territory investments made in accordance with its laws and regulations by investors of the other Contracting Party and shall not hinder by unjustified discriminatory measures or the management, maintenance, use, enjoyment, increasing the sale and, where appropriate, the liquidation of such investments. In particular, each Contracting Party shall issue the authorisations referred to in article 2, paragraph (2) of this Agreement.

(2) Each Contracting Party shall in its territory and équi-table fair treatment to investments of investors of the other contracting party. This treatment shall not be less favourable than that granted by each contracting party to investments made within its territory or by its own investors than that granted by each contracting party to investments made in its territory by investors of the most favoured nation treatment, if the latter is more favourable.

(3) If a Contracting Party accords special advantages to investors of any third State by virtue of an agreement establishing a free trade area, customs union or common market or by virtue of a double taxation agreement, it shall not be obliged to accord such advantages to investors of the other contracting party.

(4) Notwithstanding the provisions of paragraph (2) of this article, each Contracting Party shall accord to its own investors with a view to the development of local industries, encouragement on the basis of its domestic laws, provided that such incentives do not significantly affect the interests of investors or other activities of the other contracting party.

### **Article 4. Free Transfer**

Each Contracting Party in whose territory of investors of the other Contracting Party has made investments, to grant those investors the free transfer of payments related to these investments, including:

(a) Profits, dividends, interests and other current income;

(b) Such as loans;

(c) The amounts to be used to cover expenses relating to the management of the investment;

(d) Royalties and other payments deriving from rights enumerated in article 1, paragraph (2), let. (C), (d) and (e) of this Agreement;

(e) Additional contributions of capital necessary for the maintenance or development of the investments;

(f) The proceeds of the sale of or the partial or total liquidation of an investment including capital gains.

### **Article 5. Dispossession , Compensation**

(1) Neither Contracting Party shall take, directly or indirectly, measures of expropriation, nationalization or any other measures having the same nature or the same effect against investments of investors of the other contracting party except for reasons of public interest and provided that such measures are not discriminatory, that they comply with the legal requirements and provide for payment of adequate and effective compensation. The amount of compensation shall include interest, shall be settled in a freely convertible currency and paid without delay to the person entitled thereto without regard to its residence or its headquarters.

(2) Investors of one Contracting Party whose investments have suffered losses due to a war or any other armed conflict, revolution, rebellion or state of emergency, which took place in the territory of the other contracting party benefit, on the part of this latter, from a treatment in accordance with Article 3, paragraph (2) of this Agreement as regards restitution, indemnification, compensation or other valid consideration.

### **Article 6. Investments Made Prior to the Agreement**

This Agreement shall also apply to investments in the territory of a Contracting Party in accordance with its laws and regulations by investors of the other contracting party prior to the entry into force of this Agreement.

### **Article 7. More Favourable Terms**

Notwithstanding the conditions laid down in this Agreement, the more favourable conditions which have been or will be agreed by one of the Contracting Parties with investors of the other Contracting Party shall apply.

## **Article 8. Subrogation**

Where a Contracting Party has provided any financial guarantee against non-commercial risks with regard to an investment by one of its investors in the territory of the other contracting party, the latter shall recognize the rights of the first Contracting Party on the basis of the principle of subrogation to the rights of the investor if payment has been made under this first guaranteed by the contracting party.

## **Article 9. Settlement of Disputes between a Contracting Party and an Investor of the other Contracting Party**

(1) For the purpose of solving disputes with respect to investments between a Contracting Party and an investor of the other contracting party and without préjudice of article 10 of this Agreement (settlement of disputes between contracting parties), consultations will take place between the parties concerned.

(2) If these consultations do not solution within six months from the date of application of regulation, the dispute may be submitted to international arbitration, at the choice of the investor:

(a) The International Centre for the Settlement of Investment Disputes (ICSID, established by the Convention on the Settlement of Investment between diffé-rends etats<sup>1</sup> and nationals of other States, opened for signature at Washington on 18 March 1965; 1, opened for signature at Washington on 18 March 1965;

(b) To an ad hoc arbitral tribunal composed of three members and established in accordance with the Rules of Arbitration of the International Chamber of Commerce (ICC);

(c) To an ad hoc arbitral tribunal composed of three members and established under the Arbitration Rules of the United Nations Commission on United Nations Commission on International Trade Law (UNCITRAL).

(3) A company which is incorporated or constituted under the laws in force in the territory of the Contracting Party and which, before a dispute arises, was controlled by nationals or companies of the other Contracting Party, shall be treated as defined by the Washington Convention and in accordance with its article 25 (2) (b), as a company of the other contracting party.

(4) Each Contracting Party consents by this Act to submit a dispute relating to an investment to international arbitration.

(5) The Contracting Party which is a party to the dispute may, at any stage of the proceedings Regulation or the enforcement of the award, assert its immunity or the fact that the investor has received pursuant to an insurance contract, compensation covering the whole or part of the damage incurred.

(6) Neither Contracting Party shall pursue through diplomatic channels a dispute submitted to an arbitral tribunal unless the other contracting party does not comply with the award rendered by an arbitral tribunal.

(7) The arbitral awards shall be final and binding on the parties to the dispute.

## **Article 10. Settlement of Disputes between Contracting Parties**

(1) Disputes between contracting parties regarding the interpretation or application of the provisions of this Agreement shall be settled through diplomatic channels.

(2) If both contracting parties fail to reach a settlement within 12 months from the date on which the dispute has arisen, the latter shall be submitted, at the request of either contracting party to an ad hoc arbitral tribunal composed of three members. each Contracting Party shall appoint an arbitrator. the two arbitrators so nominated shall appoint a chairman who shall be a national of a third State.

(3) If one of the Contracting Parties has not appointed its arbitrator and has not followed the invitation of the other contracting party to make within two months after receipt of the request for arbitration to the designation, the arbitrator shall be appointed upon request by the latter Contracting Party by the President of the International Court of Justice.

(4) If the two arbitrators cannot reach an agreement about the choice of the Chairman within two months after their appointment the latter shall be appointed upon the request of either Contracting Party by the President of the International Court of Justice.

(5) If in the cases specified under paragraphs (3) and (4) of this article, the President of the International Court of Justice is

prevented from exercising his mandate or if he is a national of either Contracting Party, the appointment shall be made by the Vice-President and if the latter is prevented or if he is a national of either Contracting Party, they will be made by the most senior member of the Court who is not a national of either of the Contracting Parties.

(6) Unless the Contracting Parties decide otherwise, the tribunal shall determine its own procedure.

(7) The decisions of the Tribunal are final and binding on the contracting parties.

(8) Each Contracting Party shall bear the costs of its own member of the Tribunal and of its representation in the arbitral proceedings; unless the arbitral tribunal decides otherwise, the costs of the Chairman and the remaining costs shall be borne in equal parts by the contracting parties.

## **Article 11. Compliance**

Each Contracting Party shall at all times compliance with the obligations assumed by it in respect of investments of investors of the other contracting party.

## **Article 12. Entry Into Force , Termination**

(1) This Agreement shall enter into force on the day on which the two Contracting Parties shall have notified each other that the constitutional formalities required for the conclusion and entry into force of international agreements have been completed; it shall remain valid for a period of ten years. if it is not denounced in writing six months before the expiry of this period, there shall be considered on the same terms as renewed for a period of two years, and so on.

(2) In the event of termination, the provisions of articles 1 to 11 of this Agreement shall apply for a period of ten years for investments made prior to the termination of the Agreement.

The Swiss Federal Council and the Government of the Republic of Honduras

Hereinafter referred to as the contracting parties, ""

Desiring to intensify economic cooperation in the mutual interest of both Contracting Parties,

Recognizing the need to create and maintain favourable conditions for investments of investors of one Contracting Party in the territory of the other contracting party,

Recognizing the need to promote and protect foreign investment with a view to promoting economic prosperity of both Contracting Parties,

Have agreed as follows: