

# **Agreement between the People's Democratic Republic of Algeria and the Czech Republic on the reciprocal promotion and protection of investments**

The People's Democratic Republic of Algeria and the Czech Republic (hereinafter referred to as "the Contracting Parties"),

Desiring to enhance economic cooperation between the two States and to create favourable conditions for greater investments made by investors of one Contracting Party in the territory of the other contracting party;

Convinced that the promotion and protection of investments contribute to stimulate investor initiatives in the field of economic cooperation and in particular to promote the transfer of capital and technology between the two contracting parties, in the interests of their economic development;

Have agreed as follows:

## **Article 1. Definitions**

For the purposes of this Agreement:

1. The term "investment" means assets, such as property rights of all kinds and any asset in connection with an economic activity related to investment and in particular, though not exclusively:

- a) Movable and immovable property and all other rights relating thereto, such as mortgages, liens, pledges, usufructs and similar rights;
- b) The actions, stocks, shares and debentures of a company and any other form of participation in a company;
- c) Claims and rights to all contractual performances having financial value;
- d) Copyrights, industrial property rights, such as patents, licences, trademarks, industrial designs or models, technical processes, trade names, know-how and goodwill;
- e) Commercial concessions granted by law or by virtue of a contract, in particular concessions relating to the prospection, cultivation, extraction or exploitation of natural resources.

Any alteration of the form of investment of assets and assets above shall not affect their classification as investment provided that such alteration is in conformity with the legislation of the Contracting Party in whose territory the investment is made and is not contrary to the initial authorisation given to the investment concerned.

2. The term "investor" means all nationals and companies who invest in the territory of the other contracting party;

- a) The term "national" means natural persons having the nationality of either Contracting Party in accordance with its law;
- b) The term "companies" means any juridical person and / or registered in the territory of either Contracting Party, in accordance with its laws and having its registered office in the territory of that Party;

3. The term "income" yielded an investment by all means such as profits, interests or profits, dividends, royalties, capital gains, royalties.

4. The term "territory" means:

- In respect to Algeria, the People's Democratic Republic of Algeria and, used in the geographical sense, it designates the territory of Algeria as well as the maritime zone, the seabed and the maritime subsoil bordering on the territorial sea of Algeria, over which Algeria exercises its sovereign rights and jurisdiction, in accordance with its national legislation and international law;

- In respect of the Czech Republic, the territory in which the Czech Republic made by virtue of the legislation of the Czech Republic and in accordance with international law sovereign rights and jurisdiction.

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

1. Each Contracting Party shall admit and encourage investments in its territory by investors of the other contracting party.
2. Investments are admitted in accordance with the law of the Contracting Party in whose territory they are undertaken, shall enjoy the full protection and guarantees provided for in this Agreement.

## **Article 3. Treatment of Investments**

1. Each Contracting Party shall in its territory fair and equitable treatment to investments of investors of income and the other contracting party thereto. this treatment shall not be less favourable than that granted by each contracting party to investments made within its territory by its own investors or by investors of any third State if the latter is more favourable treatment.
2. Each Contracting Party shall insure in its territory investors of the other Contracting Party in the management, maintenance, use, enjoyment, growth, sale or, as the case may be, liquidation of such fair and equitable treatment and no less favorable than that accorded by each Contracting Party to its own investors or to those of any third State, if the latter treatment is more favorable.
3. The provisions of this Agreement relating to most favoured nation treatment shall not be construed so as to oblige one contracting party to extend to investments of investors of the other Contracting Party the privileges arising from its membership to any present or future custom or economic union, a free trade area, Common Market or any other form of regional economic organization or similar international agreement, as well as the agreements for the avoidance of double taxation or any other arrangement relating to taxation.

## **Article 4. Expropriation, Compensation and Compensation for Losses**

1. Investments by investors of one Contracting Party in the territory of the other Contracting Party may not be nationalized, expropriated or otherwise subjected to any other measure (hereinafter referred to as "expropriation") except where following are fulfilled:

- a) The measures shall be taken for reasons of public purpose and under due process of an appropriate;
- b) The measures are not discriminatory;
- c) They are accompanied by provisions for the payment of adequate and effective compensation as well as the methods of payment of compensation.

2. The amount of compensation shall be calculated on the real value of the investment concerned and evaluated in terms of the economic conditions prevailing on the day before the date on which the measure was taken of expropriation or made public.

The Investor affected shall have the right to seek review as soon as possible of any expropriation, the amount and terms of payment of compensation by any competent authorities in accordance with the law in force of the Contracting Party in whose territory the investment has been made.

3. The compensation shall be paid in the currency of the original investment or any other convertible currency. They shall be paid without delay and freely transferable to the investor. It shall include interest at the prevailing commercial rate of the Contracting Party in whose territory the investment has been made, since the date of establishment until the date of payment.

4. Investors of one Contracting Party whose investments have suffered losses due to a war or armed conflict, a state of emergency or national revolt in the territory of the other contracting party benefit, on the part of this latter, with respect to compensation, restitution or compensation, treatment no less favourable than that accorded to its own investors to investors or of any third State.

5. Any payment made as compensation, compensation or compensation in accordance with paragraph 4 above shall be made in a timely, adequate, effective and freely transferable manner.

## **Article 5. Transfer**

1. Each Contracting Party in whose territory investments have been made by investors of the other Contracting Party, to those investors shall, after the payment of all fiscal obligations without delay the free transfer of their liquid assets, in particular:

- a) Investment income, including the profits, dividends, interests and other current income;
- b) Royalties arising out of intangible rights referred to in paragraph 1 (d) of article 1; (d) of article 1;
- c) Payments made for the reimbursement of loans regularly contracted for investment and financing as authorized the payment of interest arising therefrom;
- d) The proceeds of the sale of or the partial or total liquidation of the investment, including the most values of the capital invested;
- e) Compensation of dispossession or loss of property referred to in article 4 above and any payments under subrogation under article 6 of this Agreement.

2. The nationals of either Contracting Party who have been authorised to work in the territory of the other Contracting Party in respect of an approved investment shall also be authorised to transfer their country of origin in a proportion appropriate remuneration, in accordance with the legislation in force in the other contracting party.

3. The transfers referred to in paragraphs 1 and 2 of this article shall be made at the rate of exchange in force at the date of the latter in a convertible currency to be mutually agreed or alternatively in the convertible currency in which the investment has been made.

4. "Without delay", within the meaning of this article, transfers shall be considered within a period normally required for the completion of the transfer formalities, which may not exceed, in any case, a period of two (2) months from the filing date of a complete dossier.

## **Article 6. Subrogation**

1. If one of the contracting parties or the body designated by the said party (hereinafter referred to as the first "contracting party"), makes a payment under an indemnity guarantee paid to an investment made in the territory of the other contracting party (hereinafter referred to as the second "contracting party"), the second Contracting Party shall recognize:

- a) The first assignment to the Contracting Party by law or by legal transaction of all the rights and claims of the party indemnified;
- b) The right of the first Contracting Party to exercise the said rights and to claim the said claims, by virtue of subrogation, to the same extent as the party indemnified.

2. The first Contracting Party shall be entitled in all circumstances to:

- a) The same treatment in respect of the rights and claims by acquired it by virtue of the assignment; and
- b) Any payments received in respect of those rights and claims as the party was entitled to receive indemnified by virtue of this Agreement in respect of the concerned and its related investment returns.

3. Subrogated rights may in no case exceed the original rights of the investor.

## **Article 7. Applicable Rules**

Where a matter is governed both by the provisions of this Agreement and by the national legislation of one of the Contracting Parties, in whose territory the investment is made, or by any international agreement between the two Contracting Parties, nothing in this Agreement shall not prevent an investor of one Contracting Party which has investments in the territory of the other Contracting Party from benefiting from the scheme which is more favorable to it.

## **Article 8. 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

amicably, as far as possible between the parties to the dispute.

2. If these consultations do not solution within six months from the date of notification, the investor may submit the dispute, at his choice for settlement, to:

a) The competent court of the Contracting Party in whose territory the investment has been made;

b) The International Centre for the Settlement of Investment Disputes (I.C.S.I.D.), established by the Convention on the Settlement of Investment Disputes between States and Nationals of Other States, opened for signature at Washington, on 18 March 1965; or

c) An ad hoc tribunal to which, unless another direct arrangement between the parties to the dispute, is to be established under the Arbitration Rules of the United Nations Commission on International Trade Law (U.N.C.I.T.R.A.L.).

3. The Contracting Party which is a party to a dispute may, at any stage of the proceeding concerning the investment disputes, for his or her defence invoke the fact that the investor has received compensation pursuant to an insurance contract covering the whole or part of the incurred damage or loss.

## **Article 9. Settlement of Disputes between the Contracting Parties**

1. Disputes between the contracting parties concerning the interpretation or application of this Agreement shall be settled amicably, as far as possible.

If within six months from the date on which either of the two Contracting Parties presented request in writing, the dispute is not settled, it shall be submitted at the request of either of the contracting parties to an arbitration tribunal

2. The arbitral tribunal shall be constituted for each individual case in the following way:

Each Contracting Party shall appoint an arbitrator. The two arbitrators so nominated shall propose, by mutual agreement, a Chairman who shall be a national of a third country and who shall be appointed by the two contracting parties. The arbitrators shall be appointed within three (3) months and the Chairman within five months from the date of request for arbitration.

3. If the periods specified in paragraph (2) above have not been made, either Contracting Party shall invite the President of the International Court of Justice to make the necessary appointments.

If the President of the International Court of Justice is a national of either Contracting Party or if he is unable to perform this function, the Vice-President of the International Court of Justice shall be invited to make the necessary appointments. If the Vice-President is a national of either Contracting Party or if he is also prevented from discharging his mandate, the most senior member of the International Court of Justice who is not a national of either Contracting Party shall be invited to make the necessary appointments.

4. The arbitral tribunal shall decide on the basis of the provisions of this Agreement as well as in accordance with the rules and principles of international law. The decision shall be taken by a majority of votes. Such decision shall be final and binding on the contracting parties.

5. Each Contracting Party shall bear the costs resulting from the appointment of its arbitrator. The cost of the Chairman and the remaining costs shall be borne in equal parts by the contracting parties.

6. The arbitral tribunal shall determine its own rules of procedure.

## **Article 10. Application**

This Agreement shall also apply to investments made by investors of one Contracting Party in the territory of the other contracting party, in accordance with its laws and regulations, before the entry into force of this Agreement provided that those investments are in conformity with the laws and regulations of the Contracting Party in whose territory investments have been made on the date of entry into force of this Agreement. However, this Agreement shall not apply to disputes that occurred before the date of its entry into force.

## **Article 11. Entry Into Force - Validity - Termination**

This Agreement shall be subject to ratification in accordance with the provisions laid down in each of the two States. it shall

enter into force upon the exchange of instruments of ratification.

This agreement is concluded for an initial period of ten (10) years. It shall remain in force after the term unless one of the Contracting Parties denounces it through diplomatic channels with notice of one year from the date of notification of such notice.

At the end of the period of validity of this Agreement, investments made while in force shall continue to benefit from the protection of its provisions for a further period of ten (10) years.

Done at Prague on 22 September 2000 in duplicate in the Czech, French and Arabic languages, all texts being equally valid.

For the People's Democratic Republic of Algeria

Abdellatif BENACHENHOU

Minister of Finances

For the Czech Republic

Pavel MERTLIK.

Minister of Finances