

# Agreement on encouragement and reciprocal protection of investments between the Kingdom of the Netherlands and the Republic of Cuba

The Kingdom of the Netherlands

And

The Republic of Cuba

Hereinafter referred to as the Contracting Parties,

Desiring to strengthen their traditional ties of friendship and to extend and intensify the economic relations between them particularly with respect to investments by the nationals of one Contracting Party in the territory of the other Contracting Party,

Recognizing that agreement upon the treatment to be accorded to such investments will stimulate the flow of capital and technology and the economic development of the Contracting Parties and that fair and equitable treatment of investment is desirable,

Have agreed as follows:

## Article 1.

For the purposes of this Agreement:

a) The term "investments" means every kind of asset and more particularly, though not exclusively:

(i) Movable and immovable property as well as any other rights in rem in respect of every kind of asset;

(ii) Rights derived from shares, bonds and other kinds of interests in companies and joint ventures;

(iii) Claims to money, to other assets or to any performance having an economic value;

(iv) Rights in the field of intellectual property, technical and technological processes, goodwill and know-how;

(v) Rights granted under public law or under contract, including rights to prospect, explore, extract and win natural resources.

b) The term "nationals" shall comprise:

(i) With regard to the Republic of Cuba: the natural person having the citizenship in conformity with its laws and having a permanent residence permit in its territory;

With regard to the Kingdom of the Netherlands: natural persons having the nationality of the Kingdom of the Netherlands;

(ii) With regard to either Contracting Party: legal persons constituted under the law of that Contracting Party;

(iii) With regard to either Contracting Party: legal persons not constituted under the law of that Contracting Party but controlled, directly or indirectly, by natural persons as defined in (i) or by legal persons as defined in (ii) above.(i) or by legal persons as defined in (ii) above.

c) The term "territory" means the territory of each Contracting Party and includes the maritime areas adjacent to the territorial sea of the State concerned, i.e. the continental shelf or the exclusive economic zone, to the extent to which that State exercises sovereign rights or jurisdiction in that zone in accordance with international law.

## **Article 2.**

Either Contracting Party shall, within the framework of its laws and regulations, promote economic cooperation through the protection in its territory of investments of nationals of the other Contracting Party. Subject to its right to exercise powers conferred by its laws or regulations, each Contracting Party shall admit such investments.

## **Article 3.**

1. Each Contracting Party shall ensure fair and equitable treatment of the investments of nationals of the other Contracting Party and shall not impair, by unreasonable or discriminatory measures, the operation, management, maintenance, use, enjoyment or disposal thereof by those nationals. Each Contracting Party shall accord to such investments full physical security and protection.
2. More particularly, each Contracting Party shall accord to such investments treatment which in any case shall not be less favourable than that accorded either to investments of its own nationals or to investments of nationals of any third State, whichever is more favourable to the national concerned.
3. If a Contracting Party has accorded special advantages to nationals of any third State by virtue of agreements establishing customs unions, economic unions, monetary unions or similar institutions, or on the basis of interim agreements leading to such unions or institutions, that Contracting Party shall not be obliged to accord such advantages to nationals of the other Contracting Party.
4. Each Contracting Party shall observe any obligation it may have entered into with regard to investments of nationals of the other Contracting Party.
5. If the provisions of law of either Contracting Party or obligations under international law existing at present or established hereafter between the Contracting Parties in addition to the present Agreement contain a regulation, whether general or specific, entitling investments by nationals of the other Contracting Party to a treatment more favourable than is provided for by the present Agreement, such regulation shall to the extent that it is more favourable prevail over the present Agreement.

## **Article 4.**

Each Contracting Party shall with respect to taxes accord to nationals of the other Contracting Party who are engaged in any economic activity in its territory, treatment not less favourable than that accorded to its own nationals or to those of any third State that are in the same circumstances, whichever is more favourable to the nationals concerned. For this purpose, however, there shall not be taken into account any special fiscal advantages accorded by that Party:

- a) Under an agreement for the avoidance of double taxation; or
- b) By virtue of its participation in a customs union, economic union or similar institution; or
- c) On the basis of reciprocity with a third State.

## **Article 5.**

The Contracting Parties shall guarantee that payments relating to an investment may be transferred. The transfers shall be made in a freely convertible currency, without restriction or delay. Such transfers include, in particular, though not exclusively:

- a) Profits, interest, dividends and other current income;
- b) Funds necessary
  - (i) For the acquisition of raw or auxiliary materials, semi-fabricated or finished products, or
  - (ii) To replace capital assets in order to safeguard the continuity of an investment;
- c) Additional funds necessary for the development of an investment;
- d) Funds in repayment of loans;
- e) Royalties or fees;

f) Earnings of expatriates working in connection with an investment;

g) The proceeds of sale or liquidation of the investment;

h) Payments arising under Article 7. Article 7.

## **Article 6.**

Neither Contracting Party shall take any measures depriving, directly or indirectly, nationals of the other Contracting Party of their investments unless the following conditions are complied with:

a) The measures are taken in the public, national, or social interest and under due process of law;

b) The measures are not discriminatory or contrary to any undertaking which the Contracting Party which takes such measures may have given;

c) The measures are taken against prompt, adequate and effective indemnification. Such indemnification shall represent the genuine value of the investments affected and shall include interest until the date of payment at a normal commercial rate of exchange in force in the market and shall, in order to be effective for the claimants, be paid and made transferable, without delay, in accordance with Article 5. Article 5.

## **Article 7.**

Nationals of one Contracting Party who suffer losses in respect of their investments in the territory of the other Contracting Party owing to war or other armed conflict, to a state of national emergency, to civil disturbance or to other similar circumstances, shall be accorded by the latter Contracting Party treatment, as regards restitution, indemnification, compensation or other settlement, no less favourable than that which that Contracting Party accords to its own nationals or to nationals of any third State, whichever is more favourable to the nationals concerned.

## **Article 8.**

If the investments of a national of one Contracting Party are insured against non-commercial risks or otherwise give rise to payment of indemnification in respect of such investments under a system established by law, regulation or government contract any subrogation of the insurer or re-insurer or Agency designated by the one Contracting Party to the rights of the said national pursuant to the terms of such insurance under any indemnity given in this connection shall be recognized by the other Contracting Party.

## **Article 9.**

1. Disputes which might arise between one of the Contracting Parties and a national of the other Contracting Party concerning an investment of that national in the territory of the former Contracting Party shall, whenever possible, be settled amicably between the parties concerned.

2. If the dispute has not been settled within a period of six months from the date either Party to the dispute requested amicably settlement, each Contracting Party consents to submit the dispute at the request of the national concerned to:

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

b) The Court of Arbitration of the International Chamber of Commerce; or

c) An international ad hoc arbitral tribunal under the Arbitration Rules of the United Nations Commission on International Trade Law (UNCITRAL). Arbitration Rules of the United Nations Commission on International Trade Law (UNCITRAL).

3. The arbitral awards shall be final and binding on both parties to the dispute and shall be executed according to national law.

4. Each Contracting Party hereby consents to submit investment disputes for resolution to the alternative disputes settlement a forementioned in the preceding paragraphs.

## **Article 10.**

The provisions of this Agreement shall, from the date of entry into force thereof, also apply to investments that legally exist

on that date, but they shall not apply to investment disputes which arose before its entry into force.

## **Article 11.**

Either Contracting Party may propose to the other Party that consultations be held on any matter concerning the interpretation or application of the Agreement. The other Party shall accord sympathetic consideration to the proposal and shall afford adequate opportunity for such consultations.

## **Article 12.**

1. Any dispute between the Contracting Parties concerning the interpretation or application of the present Agreement, which cannot be settled by means of diplomatic negotiations, shall, unless the Parties have otherwise agreed, be submitted, at the request of either Party, to an arbitral tribunal, composed of three members. Each Party shall appoint one arbitrator and the two arbitrators thus appointed shall together appoint a third arbitrator as their chairman who is not a national of either Party.
2. If one of the Parties fails to appoint its arbitrator and has not proceeded to do so within two months after an invitation from the other Party to make such appointment, the latter Party may invite the President of the International Court of Justice to make the necessary appointment.
3. If the two arbitrators are unable to reach agreement, in the two months following their appointment, on the choice of the third arbitrator, either Party may invite the President of the International Court of Justice, to make the necessary appointment.
4. If, in the cases provided for in the paragraphs 2 and 3 of this Article, the President of the International Court of Justice is prevented from discharging the said function or is a national of either Contracting Party, the Vice-President shall be invited to make the necessary appointments. If the Vice-President is prevented from discharging the said function or is a national of either Party the most senior member of the Court available who is not a national of either Party shall be invited to make the necessary appointments.
5. The tribunal shall decide on the basis of respect for the law. Before the tribunal decides, it may at any stage of the proceedings propose to the Parties that the dispute be settled amicably. The foregoing provisions shall not prejudice settlement of the dispute *ex aequo et bono* if the Parties so agree.
6. Unless the Parties decide otherwise, the tribunal shall determine its own procedure.
7. The tribunal shall reach its decision by a majority of votes. Such decision shall be final and binding on the Parties.

## **Article 13.**

As regards the Kingdom of the Netherlands, the present Agreement shall apply to the part of the Kingdom in Europe, to the Netherlands Antilles and to Aruba, unless the notification provided for in Article 14 paragraph (1) provides otherwise.

## **Article 14.**

1. The present Agreement shall enter into force on the first day of the second month following the date on which the Contracting Parties have notified each other in writing that their constitutionally required procedures have been complied with, and shall remain in force for a period of fifteen years.
2. Unless notice of termination has been given by either Contracting Party at least six months before the date of the expiry of its validity, the present Agreement shall be extended tacitly for periods of ten years, whereby each Contracting Party reserves the right to terminate the Agreement upon notice of at least six months before the date of expiry of the current period of validity.
3. In respect of investments made before the date of the termination of the present Agreement the foregoing Articles shall continue to be effective for a further period of fifteen years from that date.
4. Subject to the period mentioned in paragraph (2) of this Article, the Kingdom of the Netherlands shall be entitled to terminate the application of the present Agreement separately in respect of any of the parts of the Kingdom. paragraph (2) of this Article, the Kingdom of the Netherlands shall be entitled to terminate the application of the present Agreement separately in respect of any of the parts of the Kingdom.

DONE in two originals at Havana, on 2-XI-1999, in the Netherlands, Spanish and English languages, the three texts being equally authentic. In case of difference of interpretation the English text will prevail.

For the Kingdom of the Netherlands: (sd.) G. YBEMA

For the Republic of Cuba:

Protocol to the Agreement between the Kingdom of the Netherlands and the Republic of Cuba on encouragement and reciprocal protection of investments.

On the signing of the Agreement between the Kingdom of the Netherlands and the Republic of Cuba on encouragement and reciprocal protection of investments, the undersigned representatives have agreed on the following provisions which constitute an integral part of the Agreement:

Ad Article 3, paragraph 2

In respect of Article 3, paragraph 2 applies to investments made in the territory of each Contracting Party in accordance with its laws and regulations related to investments.

Ad Article 5

With respect to Article 5 it is confirmed that under present bank regulations in Cuba transfers can be made in any convertible currency other than US Dollars. For the avoidance of doubt it is confirmed that the right of a national to freely transfer payments in relation to his investment is without prejudice to any fiscal obligation such a national may have.

Ad Article 9

In case both Contracting Parties will be parties to the Convention on the Settlement of Investment Disputes between States and Nationals of other States opened for signature in Washington on March 18 th 1965 ("the ICSID Convention") disputes between the parties referred to in Article 9 of this Agreement, of which this Protocol is an integral part, shall be submitted to the dispute settlement procedure according to the said Convention, unless the parties to the dispute decide otherwise. Each Contracting Party hereby declares its consent to such a procedure.

For the Kingdom of the Netherlands:

For the Republic of Cuba: