

# **Agreement between the Government of the Republic of Latvia and the Government of the Republic of Uzbekistan on the Promotion and Mutual Protection of Investments**

The Latvian Government and the Government of the Republic of Uzbekistan, hereinafter referred to as the Contracting Parties,

Desiring to intensify the economic cooperation between the two parties on a mutually advantageous basis,

Recognizing the need to promote and protect investment with a view to create and maintain favorable conditions for investments of the investment of one Contracting Party to investors of the other Contracting Party in the territory, an agreement that will provide a stable basis for investment of economic resources and the most efficient use of productive development,

Have agreed as follows:

## **Article 1. General Definitions**

In the context of this Agreement:

1. The term "investor" refers to and includes:

- (i) the Contracting Parties;
- (ii) legal entities of the Contracting Parties;
- (iii) the international organizations of the Contracting Parties;
- (iv) nationals of the Contracting Parties as well as citizens and non-nationals.

2. The term "investment" means any kind of property and the right to the property, as well as the rights to intellectual, commercial and industrial property, such as copyrights, patents, applied models, industrial designs and models, trademarks, trade names, industrial and trade secrets, technologies, "good-will" and "know-how".

3. Investments in the territories of the Contracting Parties shall be made:

- (i) establishing economic associations and societies, banks, insurance companies and other companies that are wholly owned by the investor or investors which owns part of the shares;
- (ii) by the acquisition of property, shares and other securities;
- (iii) the acquisition of property rights, including the right of management and the right to lease;
- (iv) Conducting a performance of other investment activity which is not contrary to the legislation in force of the Contracting Party in the territory, where investments are made.

No changes affecting the way in which the original or re-investment is made to invest in, will not lead to changes in their characteristics as an investment.

4. The term "legal person" means economic operators who are duly organized or incorporated under the laws of the Contracting Party.

5. The term "nationals" means persons who, in accordance with the Contracting Parties national legislation granted citizenship and legal and have permanent residence in its territory or abroad.

6. The term "stateless persons" refers to people without citizenship who have permanent residence in a Contracting Party in the territory which, according to the legislation of the Contracting Party is a registered business.

7. The term "income" means, in particular, but not exclusively - the amount of profit, interest, dividends, royalties, licenses and commissions, payments for technical assistance, maintenance and other forms of remuneration received contributions, as they bent over this article 2 and 3, as a result.

8. The term "territory" means the Contracting Party in the territory, including land, internal and territorial waters, as well as the sea, seabed and subsoil thereof, over which the Contracting Party exercises sovereign rights and jurisdiction in accordance with international law.

## **Article 2. Application of the Agreement**

This Agreement applies to investments by one Contracting Party in the territory under its laws makes the other Contracting Party by investors, regardless of whether such an investment is realized before or after the Treaty enters into force.

## **Article 3. Investment Promotion and Protection**

1. Each Contracting Party in accordance with the rights provided for in national legislation in their territory shall undertake to allow and promote investments made by the other Contracting Party by investors.

2. Each Contracting Party national legislative framework committed to supporting diverse forms of mutual investment and ensure economic cooperation, in its own territory protecting investment, invested by the other Contracting Party by investors.

3. The Parties will take into account the need to show support for companies which invested in the Contracting Parties' contributions to those making direct investments and the implementation of multilateral economic projects in the territory of the Contracting Parties and any third country territory.

4. In the event of a Contracting Party under this Agreement allowed their territory to invest in, that Contracting Party in accordance with their national legislation commits the other Contracting Party to investors to issue the necessary permits relating to these investments.

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

1. Each Contracting Party in its own territory and in accordance with its legislation guarantees full and unconditional legal protection of investments committed by the other Contracting Party by investors.

2. Each of the Contracting Parties undertakes to make investments and income of the other Contracting Party to investors of the other Contracting Party in the territory of their own country to establish a fair and equitable treatment which is no less favorable than that which it accords to the investments and income of its own investors and / or investors of any third country, and income.

3. Each Contracting Party undertakes, in relation to the investments made by the other Contracting Party by investors to comply with all the obligations arising from the national legislation and the provisions of this Treaty.

4. The provisions of this Agreement relating to most-favored-nation treatment shall not be construed as being one of the Contracting Parties shall be binding attributed to the other Contracting Party to investors to facilitate preferential treatment or privilege resulting from:

(i) the actual or potential customs and monetary unions, free trade zone, uniform tariffs, the total line market or any other form of regional economic integration shapes;

(ii) the agreement on prevention of double taxation or other international agreements with regard to taxation.

## **Article 5. Rules and Specific Obligations**

In the event that the conditions provided for by the laws of the one of the Contracting Parties or obligations relating to the rules of international law which are currently or will be developed in support of this Agreement will include general or specific provisions which provide for contributions from public investors of the other Contracting Party to create a regime which will be more favorable than that accorded to them by the provisions of this Treaty to the extent that they provide for a more favorable status, shall be considered as priority in relation to this Agreement.

## Article 6. Transfers

1. A Contracting Party in whose territory investments have been invested in the other Contracting Party by investors, once these investors in the payment of the taxes and duties, undertake to ensure the free transfer of payments related to these investments; including specifically, but not exclusively, be mentioned:

- (i) interest, dividends, profits and other current income, as defined in Article 1 Paragraph 7 of this Agreement;
- (ii) the redemption payments, which is recognized as an investment by both Contracting Parties;
- (iii) the costs relating to investment management;
- (iv) Licensed fees and other charges arising from the rights provided for in Article 1, Paragraph 2 of this Agreement;
- (v) the capital and additional sums necessary for the maintenance or development of the investment, as well as investments made in the territory of the other Contracting Party, Management;
- (vi) Income from disposals, partial or complete liquidation of the investment, including capital gains;
- (vii) Salaries, receiving one Contracting Party nationals in connection with the investments realized in the other Contracting Party in the territory;
- (viii) The compensation due under the provisions of this Treaty points, and other costs associated with any kind of investment disputes under this Agreement.

2. Money transfers are carried out without undue delay in the currency in which the investments made, or freely convertible currency in accordance with the rate in force on the date of transfer and in accordance with the procedure provided for by the legislation of the Contracting Party in whose territory investment was made.

3. Notwithstanding the provisions of paragraphs 1 to 2 of the conditions laid down, the Contracting Party may refuse to complete the transaction on the basis of fair and non-discriminatory principles of the country's legislative application in cases involving:

- (i) bankruptcy, insolvency or the protection of the rights of creditors;
- (ii) the issuance, sale or operations with securities;
- (iii) the criminal offenses or administrative violations;
- (iv) Inconsistency between proceedings or judgments.

4. The income and other amounts listed in this article and from investors in any currency received one Contracting Party by investors, realizing the investments of the other Contracting Party shall be allowed to reinvest or used for other purposes that Contracting Party in the territory under its laws.

5. The currencies of the Contracting Parties as well as the currencies of other countries, payment documents, and the admission and export of securities shall be governed by the laws of the issuing Party concerning foreign exchange operations in which investments are made.

## Article 7. Expropriation and Compensation for Losses

1. The Contracting Parties undertake not to make direct or indirect actions, which aims to expropriate or nationalize investments owned by the other Contracting Party to investors, as well as any other activities of a similar nature or activity, which leads to similar consequences, if those activities are not related to:

- (i) the measures that are taken in the public interest and implemented in accordance with legal procedures;
- (ii) the non-discriminatory nature of the measure or measures.

2. The Contracting Party which made the alienation of the investment in the circumstances provided for in paragraph 1 of this article. (i) and (ii), undertakes to provide fair and effective compensation to the investors of the other Contracting Party. The amount of this compensation will be appropriate to the market value of the investments that are to be divested, which will be determined at the time of the disposal or until the decision on the disposal is officially announced (whichever is the earlier) and will include interest on the value of the alienated investment, which are calculated on the basis of "Libor", which are counted from the moment of disposal, the transfer of which will not be obstructed. The amount of compensation must

be calculated in the currency in which the investment or freely convertible currency is made and paid to the investor without undue delay irrespective of his place of residence or residence. A transfer carried out "without undue delay" will be considered a transfer, which will be carried out during the period normally required for carrying out formal transfer operations. The point of reference for this period is the filing of the request and may not exceed three months.

3. Investors whose investments in one of the Contracting Parties suffered losses in the event of war or other armed conflict, revolution, state of emergency, coup d'état, civil unrest or any other similar event occurring in the territory of the other Contracting Party shall be entitled to compensation, restitution or other damages in accordance with the provisions of paragraphs 1 to 3 of Article 4 of this Agreement .

4. The public investors of one Contracting Party shall be entitled to indemnification for losses, including the loss of profits earned by their investments in the territory of the other Contracting Party as a result of the activities of public authorities or officials of that Contracting State contrary to the law of the country in which the investment is made, as well as the inadequate performance of the obligations of the said authorities or officials under the law of the State of the first Contracting Party or to the companies invested in those investments.

## **Article 8. Subrogation**

1. In the event of one of the Contracting Parties or their authorized institutions have given any financial guarantee non-commercial risks in cases with respect to its investors made investments invested in the other Contracting Party in the territory, and have made payments under the guarantees of the other Contracting Party on the basis of on the substitution principle, recognize the investors 'rights and claims the transfer of the full amount for the first Contracting Party or its authorized institutions with specific reservations in respect of the investors' commitments relating to investments insured in this way.

2. In the case of a substitution described in paragraph 1 of this article, the investor will not be entitled to lodge a claim if he has not been authorized by such Contracting Party to the Contracting Party or its authorized institutions.

3. A Contracting Party which, as a party to a dispute involving a public investor of the other Contracting Party, shall not, during the entire procedure for the settlement of a dispute or judgment, use its immunity as a defense or rely on the fact that the investor, in accordance with an insurance contract in which does not provide for the provision of guarantees to the other Contracting Party or its authorized institutions, has received compensation in full or in part for the damage suffered.

## **Article 9. Consultations**

Each Contracting Party is entitled to offer to the other Contracting Party consultations on any matter relating to the interpretation or implementation of this Agreement. The other Contracting Party undertakes to consider favorably this proposal and will provide appropriate conditions for the organization of such consultations.

## **Article 10. Dispute Resolution between the Contracting Parties**

1. Disputes between the Contracting Parties relating to this Agreement provided interpretation and implementation shall be settled through diplomatic channels.

2. In the event that within six months the dispute has arisen the Contracting Parties fail to reach an agreement, according to one of the Contracting Parties shall review the conflict claim is submitted to an arbitral tribunal consisting of three people. Each Contracting Party shall appoint an arbitrator, who in turn designate its chairman who shall be a citizen of a third State, which maintains diplomatic relations with both Contracting Parties countries.

3. In the event that one of the Contracting Parties does not appoint an arbitrator and does not agree with the invitation of the other Contracting Party to appoint this arbitrator within two months, the other Contracting Party shall have the right to request the President of the International Court of Justice to secure the appointment of this arbitrator.

4. In the event that the two arbitrators within two months after their appointment fail to agree on a candidate for any of the Contracting Parties have the right to ask the International Court of Justice to designate the required candidate.

5. If, in the cases listed in paragraphs 3 to 4 of this article, the President of the International Court of Justice fails to perform the designated function or if that official has the nationality of a Contracting Party, the appointment decision shall be taken by the Vice-President, but if he is unable to perform the function in question or if that official has the nationality of a Contracting Party, the appointment decision shall be taken by a member of the International Court of Justice who, after the hierarchy, holds the post of the International Court of Justice and does not have the nationality of a Contracting Party.

6. The court will decide in accordance with the legislative provisions. Before taking a decision, the court may at any stage of the proceedings propose to the parties to settle the dispute in a friendly way. The preceding provisions may not constitute an obstacle to resolving the dispute, if there is a decision of the Contracting Parties.

7. Without prejudice to other arrangements between the Contracting Parties the court shall establish its own rules of procedure. Court decisions are taken by majority vote.

8. Each Contracting Party shall pay the costs of maintaining its member of the Tribunal, as well as its participation in the arbitration procedure. The maintenance costs and other expenses on the basis of parity shall be borne by the Contracting Parties for the Chairperson of the Arbitral Tribunal. At the same time, the court may, in its decision, assign one of the Contracting Parties a higher part of the payment of expenses and this decision will be binding on each Contracting Party.

9. The Tribunal's decisions are final and binding on both Contracting Parties.

## **Article 11. Disputes between a Contracting Party and Investors of the other Contracting Party**

The two Contracting Parties hereby undertake to submit to any dispute arising between one of the Contracting Parties and the public investor of the other Contracting Party in respect of its investments invested in the territory of the first Contracting Party to the International Investment Dispute Settlement Center through conciliation or judicial proceedings in accordance with the "Convention" for the purpose of contributing to the settlement of disputes between States and third-country nationals", opened for signature in Washington, 18 March 1965. In accordance with Article 25, paragraph 2 (b) of the Convention, a public investor of one Contracting Party who has, before the beginning of the dispute, been controlled by a State investor of the other Contracting Party, has the same rights as the investors of the other Contracting Party to fulfill the task of the Convention.

## **Article 12. Changes and Amendments**

With the consent of the Contracting Parties, this Agreement may be amended and supplemented. The Contracting Parties will exchange notes on the implementation of the legal procedure provided for in the national legislation of each of the Contracting Parties regarding the entry into force of such changes and additions. The date of entry into force of such amendments and supplements is the date on which the last note was received.

## **Article 13. Entry Into Force, Duration and Termination of the Treaty**

1. The Contracting Parties shall exchange notes on the execution of the legal procedures provided for in the national law of each Contracting Party with respect to the entry into force of this Treaty.

The date of receipt of the last note shall be considered as the date of entry into force of this Agreement..

2. This Agreement shall remain in force for a period of ten years. If neither of the Contracting Parties notifies the other Contracting Party in writing of its intention to terminate this Agreement twelve months before the end of the current term, the Agreement shall be automatically extended to the current five-year period.

In case of denunciation of this Agreement, the provisions of Articles 11 to 11 thereof shall remain in force for the next ten years in respect of investments made prior to the termination of this Agreement.

The Agreement is signed in duplicate, on 23 May 1996 in Tashkent, in Latvian, Uzbek and Russian languages, all three texts being equally authentic.

For the purpose of interpreting the terms of the agreement, the Russian language will be used.