

# Agreement between the Kingdom of Spain and the Republic of Latvia for the Promotion and Reciprocal Protection of Investments

The Kingdom of Spain and the Republic of Latvia, hereinafter referred to as the contracting parties, "

Desiring to intensify economic cooperation in the mutual benefit of both countries;

Aiming to create favourable conditions for investments by investors of each of the Contracting Parties in the territory of the other party,

And

Recognizing that the promotion and protection of investments under this agreement will stimulate initiatives in this field,

Have agreed as follows:

## Article 1. Definitions

For the purposes of this Agreement:

1 "investors" means:

- a) Any natural person who is a resident of a Contracting Party in accordance with its laws and make investments in the territory of the other contracting party;
- b) Any legal entity companies including associations of companies, business associations and other organizations, which are constituted, or in any event, duly organized under the law of that Contracting Party and is addressed effectively from the territory of that same Contracting Party.

2 "investment" means every kind of assets, such as property and rights of any kind, acquired according to the laws of the host country to investment and in particular, though not exclusively, the following:

Actions and other forms of participation in companies:

Rights derived from any kind of contributions to create an economic value, including any loan granted for this purpose, whether or not capitalized;

Movable and immovable property as well as other rights in rem, such as mortgages, liens and pledges;

Any rights in the field of intellectual property, including patents and trademarks, as well as know-how licensing of manufacture, know-how and goodwill;

Rights to engage in economic and commercial activities conferred by law or under contract, including rights to prospecting, cultivate, extract or exploit natural resources.

3 Investment income "" means income deriving from an investment as defined above and includes in particular, though not exclusively profits, dividends and interest.

4 "" territory means the territory and territorial waters of each of the Contracting Parties, as well as the exclusive economic zone and the continental shelf extends beyond the limits of the territorial waters of each of the Contracting Parties and on which they are or may be in accordance with international law, sovereign rights and jurisdiction for the purpose of exploration and exploitation and preservation of natural resources.

## Article 2. Promotion , Acceptance

1 Each Contracting Party shall promote as far as possible investments made in its territory by investors of the other Contracting Party and shall accept such investments in accordance with its laws.

2 This Agreement shall also apply to investments made before its entry into force by investors of one Contracting Party in accordance with the laws of the other Contracting Party in the territory of the latter.

### **Article 3. Protection**

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 unreasonable or discriminatory measures by the management, maintenance, use, enjoyment, extension and sale or, where appropriate, the liquidation of such investments.

2 Each Contracting Party shall endeavour to grant the necessary permits in connection with such investments and shall, within the framework of its laws, the granting of permits and licensing of employment contracts relating to Manufacture and technical assistance, commercial, financial and administrative.

3 Each Contracting Party shall also, whenever necessary, the necessary authorizations concerning the activities of consultants and experts appointed by investors of the other contracting party.

### **Article 4. Treatment**

1 Each Contracting Party shall in its territory Juste and equitable treatment to investments by investors of the other contracting party.

2 This treatment shall not be less favourable than that granted by each contracting party to investments made in its territory by investors of any third State.

3 This treatment shall not apply, however, to privileges which either Contracting Party accords to investors of a third State by virtue of its association or participation in a free trade area, customs union or common market, similar international agreement, existing or future, which either of the contracting parties is or becomes a party.

4 The treatment granted under the present article shall not extend to the deductions and tax exemptions or other similar privileges granted by either contracting party to investors of third States by virtue of an agreement for the avoidance of double taxation or any other arrangement relating to taxation.

5 In addition to the provisions of paragraph 2 of this article, each Contracting Party according to its own legislation, apply to investments of investors of the other Contracting Party A treatment no less favourable than that accorded to its own inversores.apartado 2 of this article, each Contracting Party according to its own legislation, apply to investments of investors of the other Contracting Party A treatment no less favourable than that accorded to its own investors.

### **Article 5. Expropriation and Nationalization**

1 The expropriation or nationalization characteristics or any other measure having similar effects (hereinafter expropriation) that may be taken by the authorities of one Contracting Party against investments made in its territory by investors of the other Contracting Party, shall be applied only for reasons of public interest, according to the law, on a non-discriminatory basis and accompanied by payment to the investor or its successor of prompt, effective and adequate compensation.

2 Such compensation shall be equivalent to the market value of the expropriated investment was immediately before the impending expropriation or the same became public knowledge.

3 Such compensation shall be paid without undue delay in a freely convertible currency and shall be effectively realizable and freely transferable.

### **Article 6. Compensation for Losses**

Investors of one Contracting Party whose investments or returns of investments in the territory of the other contracting party suffer losses owing to war or other armed conflict, a national state of emergency, rebellion, riot or other similar circumstances, including losses resulting from requisitioning, shall be accorded to restitution, indemnification, compensation or other settlement, a treatment no less favourable than that which the latter Contracting Party accords to its own investors to investors or of any third State. any payments made under this article shall be prompt, adequate and effective and freely transferable.

## **Article 7. Transfers**

1 With respect to investments in its territory, each Contracting Party shall accord to investors of the other Contracting Party the free transfer of payments relating to their investments and returns, including, in particular, though not exclusively, the following:

The investment income, as defined in article 1;

The compensation under articles 5 and 6;

The proceeds from the sale or the total or partial liquidation of an investment;

Funds in repayment of loans related to an investment;

Funds for the maintenance or extension of the investment, such as funds for acquiring raw or auxiliary finished or semi-finished products, or to replace capital assets;

Salaries, wages and other remunerations reoibidas by nationals of one Contracting Party for work performed or services in the territory of the other contracting party in connection with an investment.

2 The Contracting Party accepting the investment will enable the investor of the other Contracting Party, or in a society which has invested, have access to the foreign exchange market in a non-discriminatory manner, so that the investor may purchase the necessary currency for the transfers referred to in this article.

3 Transfers under this Agreement shall be made in freely convertible currency and in accordance with the legislation of the host contracting party of the investment.

4 The Contracting Parties shall compromenten to facilitate the procedures for making such transfers without undue delay in accordance with the practices of international financial centres. in particular, they shall not exceed three months from the date on which the investor has duly submitted applications necessary in order to implement the transfer until the actual date of transfer. therefore, the Contracting Parties undertake to carry out the formalities required for the acquisition of currency as to their effective transfer abroad, within that period of time.

5 The Contracting Parties agree to accord to the transfers referred to in this article a treatment no less favourable than that accorded to transfers originating from investments made by investors of any third State.

## **Article 8. More Favourable Terms**

1 If the legislation of either Contracting Party or existing obligations under international law or subsequently established between the Contracting Parties in addition to the present Agreement is a regulation, whether general or specific, under which it accords to investments made by investors of the other contracting party to a more favourable treatment than that provided for by the present Agreement, such rules shall prevail over this agreement to the extent that it is more favourable.

2 More favourable terms than those of this Agreement which have been agreed to by one of the Contracting Parties with investors of the other Contracting Party shall not be affected by this Agreement.

## **Article 9. Subrogation**

If a Contracting Party or its designated agency has provided any financial guarantee concerning non-commercial risks in connection with an investment made by its investors in the territory of the other contracting party, the latter shall accept the subrogation of the first Contracting Party or its designated agency in the economic rights of the investor from the first time that the contracting party or its designated agency has made a payment under the guarantee granted. the subrogation will ensure that the first Contracting Party or its designated agency is direct beneficiary of all payments of compensation to the investor might be initial creditor.

As regards property rights, use, enjoyment or any other right, the subrogation shall take place only when the appropriate legal requirements of the host contracting party.

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

1 Any dispute between the contracting parties concerning the interpretation or application of this Agreement shall be settled as far as possible through diplomatic channels.

2 If the dispute cannot be settled in this way within six months from the beginning of negotiations, shall be submitted at the request of either of the two contracting parties to an arbitration tribunal.

3 The arbitration tribunal shall be constituted as follows: each Contracting Party shall appoint one arbitrator and these two arbitrators shall elect a national of a third country as Chairman. the arbitrators shall be appointed within three months and the Chairman within five months from the date on which either Contracting Party has informed the other contracting party of its intention to submit the dispute to an arbitration tribunal.

4 If within the periods specified in paragraph 3 of this article the necessary appointments have been made, either of the Contracting Parties, in the absence of any other agreement, 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 unable to perform this function for another cause, the Vice-President shall be invited to make the necessary appointments. if the Vice-President is a national of either Contracting Party or unable to perform this function or for any other reason, shall be invited to make the necessary appointments to the member of the Court who is not a national of any of the Parties contratantes. apartado 3 of this article the necessary appointments have been made, either of the Contracting Parties, in the absence of any other agreement, 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 unable to perform this function for another cause, the Vice-President shall be invited to make the necessary appointments. if the Vice-President is a national of either Contracting Party or unable to perform this function or for any other reason, shall be invited to make the necessary appointments to the member of the Court who is not a national of either of the Contracting Parties.

5 The arbitral tribunal shall issue its decision on the basis of respect for the Law, the rules contained in this Agreement or in other agreements in force between the contracting parties, and the universally recognized principles of international law.

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

7 The tribunal shall reach its decision by a majority of votes and that decision shall be final and binding on both contracting parties.

8 Each Contracting Party shall bear the costs of the arbitrator appointed by it and its representation in the arbitral proceedings. the other expenses, including the President, shall be borne in equal parts by both contracting parties.

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

1 Any dispute between a Contracting Party and an investor of the other Contracting Party regarding any investment as defined under this Agreement, shall be notified in writing with a detailed information by the investor Contracting Party to the recipient of the investment. to the extent possible, the parties concerned shall endeavor to settle these disputes by mutual agreement.

2 If the dispute cannot be settled in this way within six months from the date of the written notification mentioned in paragraph 1 shall be submitted, at the choice of the investor: (1) shall be submitted, at the choice of the investor:

The competent court of the Contracting Party in whose territory the investment was made;

The arbitral tribunal "ad hoc" established under the Arbitration Rules of the United Nations Commission on International Trade Law;

The International Centre International Centre for Settlement of Investment Disputes (ICSID) 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, when both contracting parties become signatories of this Convention;

The Court of Arbitration of the Paris International Chamber of Commerce.

3 The arbitration shall be based on:

The provisions of the present Agreement and other agreements in force between the contracting parties;

The rules and the universally accepted principles of International Law;

The national legislation of the Contracting Party in whose territory the investment was made, including the rules relating to conflicts of law.

4 The arbitral awards shall be final and binding for the parties in dispute. each Contracting Party undertakes to execute the

judgments of acuerdo with their national legislation.

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

1 This Agreement shall enter into force on the date on which the contracting parties have notified each other of the completion of their respective constitutional formalities required for the Entry into Force of international agreements. It shall remain in force for an initial period of ten years and shall be renewable, by tacit renewal, for periods of two consecutive years.

After the expiry of the initial period of ten years, this Agreement may be denounced at any time by either contracting party by written notice given six months before the date of expiry.

2 With respect to investments made or acquired prior to the date of termination of this Agreement and to which it applies, shall remain in force for a further period of ten years from such date of termination, the provisions of all of the other articles of this Agreement.

Done in three originals in English, Latvian and Spanish languages, all texts being equally authentic, at Madrid on 26 October 1995.

For the Kingdom of Spain,

José Luis Dicenta Ballester,

Secretary of State for International Cooperation and Ibero-America

The Republic of Latvia,

Maris Riekstins,

State Secretary of the Ministry of Foreign Affairs