

# **AGREEMENT BETWEEN THE REPUBLIC OF SLOVENIA AND THE CZECH REPUBLIC ON SUPPORT AND PROTECTION OF INVESTMENTS**

The Republic of Slovenia and the Czech Republic (hereinafter referred to as "the Parties")

Desiring to intensify economic cooperation for the mutual benefit of both countries,

With the aim of encouraging and creating favorable conditions for investments by investors of one country in the territory of another country, and

With the knowledge that support and mutual protection of investments under this Agreement shall encourage business incentives for investments,

Have agreed as follows:

## **Article 1. Definitions**

For the purposes of this Agreement, each term shall mean the following: '

1. The term "investment" means any type of property invested by an investor of one of the parties in the territory of the other in accordance with its laws and regulations, including, inter alia, and not explicitly:

(a) movable and immovable property and other proprietary rights such as mortgages, confiscated rights, guarantees and similar rights;

(b) shares and bonds of undertakings or other forms of participation in an undertaking;

(c) cash receivables or rights from a number of activities having an economic value and relating to the investment;

(d) intellectual property, including copyrights, trademarks, patents, industrial designs, technical procedures, knowledge and experience, business secrets, firm names and business value of the firm associated with the investment;

(e) any legal or contractual right, license or permit, including concessions for the search, extraction, cultivation or exploitation of natural resources.

Any change in the form in which the assets are invested does not affect its classification as investments.

2. The term "investor" means any natural or legal person who invests in the territory of the other contracting party.

(a) The term "natural person" means any natural person who holds the nationality of one or the other contracting party under its law.

(b) The term "legal person" means in relation to one

Or other contracting party, any person or organization established and recognized as a legal person in accordance with its laws.

3. The term "income" means the value generated by the investment and includes, not primarily explicitly, profit, interest, capital increase, shares, dividends, royalties or other payments.

4. The term "territory" means, with respect to each contracting party, the territory under its sovereignty, as well as territorial waters and the undersea territory over which that Contracting Party has sovereign rights and jurisdiction in accordance with international law.

## **Article 2. Investment Support and Protection**

1. Each contracting party shall support and create favorable conditions for the investments of the other contracting party in order to invest in its territory, and will permit such investments in accordance with its own legal order.
2. Investments by investors of one or the other party to the contract will always ensure a fair and equitable treatment of investments and will receive full protection and protection in the territory of the other contracting party.

### **Article 3. National Treatment and Most Favored Nation Status'**

1. Each Contracting Party shall, in its territory, handle the investments and profits of the investors of the other Contracting Party in a fair and equitable manner, which shall not be less favorable than for the investments or profits of its own investments or the investment and profits of investors of any third country.
2. Each contracting party shall, in its territory, handle investors of the other contracting party with regard to the management, maintenance, use, exploitation or disposal of their investment in a fair and equitable manner that will not be less favorable than for its own investors or investors of any third countries.
3. The provisions of paragraphs 1 and 2 of this article can not be interpreted as requiring one contracting party to offer investors of the other contracting party such conduct, benefits or privileges which one contracting party may offer under:
  - (a) a customs union or a free-trade zone or a monetary union or similar international agreement leading to such unions or institutions or other forms of regional cooperation in which the contracting party is or may be involved; or
  - (b) an international agreement or arrangement to be made in

Entirely or mainly relates to taxation.

### **Article 4. Compensation for Damage or Loss**

1. Investments of investors of one and the other party to the contract shall, in the event of loss or damage arising from war, armed conflict, emergency situation, disturbances, rebellion, rebellion or other similar situation in the territory of the other Contracting Party as regards compensation, loss insurance, compensation or other will not be treated less favorably than the investments of its own investors or investors of a third country.
2. For damages or losses, fair and adequate compensation shall be provided during the time of seizure or as a result of the destruction of the property. The resulting payment will immediately convert freely and transfer freely.

### **Article 5. Expropriation**

1. Investments of investors of one or the other contracting parties will not be expropriated, nationalizes, or be affected by measures similar to nationalization or expropriation (hereinafter: expropriation) in the territory of the other party, unless this would be in the public interest. Expropriation must be carried out lawfully, impartially and for immediate and effective compensation. Compensation will be the market value of the expropriated investment just before or before the expropriation. when the planned expropriation became publicly known. The compensation will include interest from the date of expropriation to the date of payment. Interest will be charged at the current interest rate applicable in time and place. The compensation will be paid without delay, and will be freely converted and transferred. -
2. The affected investor has the right to apply for immediate examination of its case and to evaluate its investment by a judicial or other independent body of a Contracting Party in accordance with the principles set out in this Article.
3. The provision of paragraph 1 of this Article also applies to cases where a party to a contract breaks down the assets of a company that has been registered or established in accordance with the applicable law anywhere in the territory of one party and in which the investors of the other contracting party are the owners of shares..

### **Article 6. Transfers**

1. The contracting parties shall ensure the transfer of payments relating to investments and income from investments. Transfers shall be free of charge in convertible currency without undue restrictions and deferral, provided that the investor has settled all outstanding financial obligations to the contracting party where the investment was or is being realized. In particular, investors will be able to:
  - (a) the principal and additional funds to maintain or increase the investment;

(b) profit, interest, dividends and other current income;

(c) the amounts for the settlement of loans and credits, including interest;

(d) royalties and other payments;

(e) proceeds from the sale or liquidation of the investment;

(f) the benefits of the natural persons of the other contracting party for the work and services that have been performed in connection with the investment.

2. For the purposes of this Agreement, unless otherwise specified, the official exchange rates shall be subject to the same rates as for current transactions on the date of transfer.

## **Article 7. Transfer of Rights (subrogation)**

1. If one of the contracting parties or its authorized agency makes a payment to its own investor under the guarantee it has given for which investment in the territory of the other contracting party, the other contracting party shall:

(a) recognize the withdrawal by the investor of the rights or tenders of the investor towards the contracting party or its authorized agency in accordance with the law governing transactions in that country, and

(b) acknowledge that the first contracting party or the agency authorized by it, by virtue of the transfer of rights under the guarantee, is entitled to exercise the rights and to claim the claims of that investor and will accept the obligations relating to the investment.

2. The transferred rights or claims shall not exceed the original rights or claims of investors.

## **Article 8. Settlement of Investment Disputes between a Contracting Party and the Investor of Another Party**

1. Any dispute between the investor of one contracting party and other contracting party in connection with the investment in the territory of that other Contracting Party shall be settled by agreement between the parties.

2. If a dispute between the investor of one contracting party and the other contracting party is not solved after six months , the investor will have the right to submit the dispute to the settlement at:

(a) the International Center for the Settlement of Investment Disputes (ICSID), referring to the provisions of the Convention on the settlement of investment disputes between States and nationals of other countries, opened for signature in Washington DC on 18 March 1965, if the parties have acceded to this Convention; or

(b) an arbitrator or an international tribunal established for this purpose in accordance with the UNCITRAL Rules of Arbitration of the United Nations Commission on International Trade Law. The parties to the dispute may agree in writing to amend the said Regulation. The decision of the tribunal is final and binding on the parties to the dispute.

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

1. Disputes between the Contracting Parties arising from the interpretation or application of this Agreement shall, if possible, be settled by mutual agreement by agreement - by diplomatic channels.

2. If they are not be able to resolve the dispute within six months, at the request of either Contracting Party, the dispute shall be sent to the Arbitral Tribunal in accordance with the provisions of this Article.

3. The arbitral tribunal shall act on a case-by-case basis: within two months from the receipt of the request for. each Contracting Party shall appoint one arbitrator to the arbitration. These two members will then elect a third-country national who, with the agreement of both parties, will be named chairman of the tribunal (hereinafter referred to as "the President"). The President will be appointed within three months of the date of appointment of the other two members.

4. If the necessary appointments are not made within the time limits laid down in paragraph 3 of this Article, the parties may contact the President of the Tribunal to make the appointments. If the President is a national of either Contracting Party or otherwise cannot accept the said function, the Parties shall invite the Vice-President to make the appointments. If the Vice-President is also a national of either Contracting Party or is unable to accept the said function, the oldest in the capacity of a member of the Tribunal who is not a national of either Contracting Party shall be invited to make the appointments.

5. The arbitral tribunal shall act by a majority. His decision shall be binding. Each Contracting Party shall bear the costs of its own arbitrator and of its representation in the arbitration proceedings; the costs of the President and the remaining costs shall be shared equally by both Parties. The arbitral tribunal merely determines its own procedure.

## **Article 10. Application of other Provisions and Specific Obligations**

1. If a matter is regulated at the same time by this Agreement and by any other international treaty entered into by the Contracting Parties, any contracting party or its investors investing in the territory of the other Contracting Party may apply the most favorable provisions on a case-by-case basis.

2. If, by virtue of laws, regulations or special contracts, one of the contracting parties has accepted more favorable conditions for investors of the other contracting party than is offered by this agreement, they shall be afforded such a more favorable manner.

## **Article 11. Relationship between the Contracting Parties**

This Agreement applies regardless of whether diplomatic or consular relations exist between the Parties.

## **Article 12. Application of this Agreement**

The provisions of this Agreement shall apply to future investments of investors of one Contracting Party in the territory of the other Contracting Party, as well as to existing investments upon the entry into force of this Agreement.

## **Article 13. Validity, Duration, Termination**

1. This Agreement shall enter into force on the day following the exchange of Notes by which the Parties notify each other that the formalities set out in their respective laws for the enforcement of the Agreement have been completed.

2. This Agreement shall be valid for ten years and shall be automatically extended every 10 years, if one or the other Contracting Party does not, within one year before the expiry of the initial or any later period of validity, inform the other in writing of its intention to terminate the Agreement.

3. For investments made before the expiry of this Agreement, the provisions of this Agreement shall continue to apply for a period of 10 years from the date of expiry.

In witness whereof, the undersigned, being duly authorized thereto, have signed this Agreement.

The Agreement was written and signed in Prague on 4 May 1993 in duplicate in the Slovenian and Czech languages, both texts being equally authentic.

On behalf of the Republic of Slovenia

Mitja Gaspari 1st r.

On behalf of the Czech Republic

Ivan Kočamik 1st r.