Agreement between the Slovak Republic and the Government of the Republic of Latvia on the Promotion and Reciprocal Protection of Investments

The Government of the Slovak Republic and the Government of the Republic of Latvia (hereinafter referred to as the "Parties"),

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

Intending to create and maintain favorable conditions for investments by investors of either Contracting Party in the territory of the other Contracting Party and

Conscious that the promotion and reciprocal protection of investments under this Agreement stimulates business activity in this area,

Have agreed as follows:

Article 1. Definitions

For the purposes of this Agreement:

1. The term "investment" means every kind of assets invested by investors of one Contracting Party in the territory of the other Contracting Party in accordance with the law of the State of that Contracting Party and in particular, but not exclusively

a) movable and immovable property and other property rights such as mortgages, liens and pledges;

b) shares, stocks and receivables of companies or other forms of participation in society;

c) claims to money or any performance having economic value in relation to investments;

d) the rights of intellectual property, including but not limited copyrights, patents and rights relating to literary and artistic works, including sound recording, to inventions in all fields of human activity, industrial designs, semiconductor mask, trade secrets, know-how, confidential business information, trade marks, service marks and trade names;

e) rights conferred by law or contracts, licenses and permits issued under the law, including concessions to search for, extract, cultivate or exploit natural resources.

No change in the form in which it is invested or reinvested assets held, will not affect their character as an investment.

2. The term "investor" means any natural or legal person of one Contracting Party who invests in the territory of the other Contracting Party.

a) The term "natural person" means a national of one of the parties.

b) The term "legal person" means, in respect of any Contracting Party, any entity incorporated or constituted in accordance with its laws and regulations.

3. The term "returns" means income deriving from an investment and in particular, though not exclusively, profits, interest, capital gains, shares, dividends, royalties and other fees.

4. The term "territory" means

a) in relation to the Slovak Republic the territory over which the Slovak Republic exercises its sovereignty, sovereign rights and jurisdiction in accordance with international law in order to research, use and protection of the territory and natural

resources;

b) in relation to the Republic of Latvia territory and marine areas, including the seabed and parts adjacent to the outside the territorial sea over which the Republic of Latvia exercises its sovereignty, sovereign rights and jurisdiction in accordance with international law in order to research, use and protection of the territory, sea DNA adjacent parts, and natural resources.

Article 2. Investment Promotion and Protection

1. Each Party shall encourage and create favorable conditions for investors of the other Contracting Party to invest in its territory and shall admit such investments in accordance with its laws.

2. Each Party shall, in accordance with its laws and regulations grant the necessary permits in relation to an investment and the implementation of licensing agreements and contracts for technical, commercial or administrative cooperation.

3. Investments of investors of either Contracting Party shall at all times be accorded fair and equitable treatment and full protection and security in the territory of the other Contracting Party.

Article 3. National Treatment and Most Favoured Nation

1. Each Party shall provide in its territory to investments and returns of investors of the other Contracting Party treatment which is fair, equitable and not less favorable than that accorded to investments and returns of its own investors or to investments and returns of investors of any third state, whichever it is preferred.

2. Each Party shall, as regards the management, maintenance, use, enjoyment or disposal of investments, provide in its territory to investors of the other Contracting Party treatment which is fair, equitable and not less favorable than that accorded to its own investors or investors any third State whichever is more favorable.

3. Paragraphs 1 and 2 of this Article shall be construed so as to oblige one Contracting Party to investors of the other Contracting Party treatment, benefits or privileges as may be one Contracting Party by virtue of

a) any customs union, free trade area, monetary union or similar international agreements leading to such unions or institutions or other forms of regional cooperation to which either Contracting Party is or may become a party;

b) any international agreement or arrangement relating wholly or mainly to taxation.

Article 4. Compensation for Losses

1. When investments by investors of either Contracting Party suffer losses owing to war, armed conflict, a state of unrest, riot or similar events in the territory of the other Contracting Party, they said Party treatment, as regards restitution, compensation or other settlement, not less favorable than that accorded to its own investors or investors of any third state. Resulting payments shall be freely transferable without delay in a freely convertible currency.

2. Notwithstanding paragraph 1 of this Article, investors of one Contracting Party who in any of the events referred to in the preceding paragraph, suffer losses in the territory of the other Contracting Party resulting from

a) requisitioning of their property by its forces or authorities of the other Contracting Party,

b) destruction of their property by its forces or authorities of the other Contracting Party,

Which was not caused in combat action or by the necessity of the situation, provide a fair and reasonable compensation for damages caused by the confiscation of property, or the destruction of property. Resulting payments shall be freely transferable without delay in a freely convertible currency.

Article 5. Expropriation

1. Investments of investors of either Contracting Party shall not be nationalized, expropriated or subjected to measures having an effect equivalent to nationalization or expropriation (hereinafter referred to as "expropriation") in the territory of the other Contracting Party except for public purpose. The expropriation shall be carried out only on the basis of law, on a non- discriminatory basis and shall be accompanied by provisions for the payment of adequate immediate and fair compensation. Such compensation shall amount to the market value of the expropriated investment immediately before the expropriation or value at a time when the future expropriation became public knowledge, whichever comes first, shall include interest at the market exchange rate on the date of expropriation, shall be carried out without delay, be effectively

realizable and freely transferable in freely convertible currency.

2. The investor affected shall have the right to prompt review of its case and of the valuation of its investment by a judicial or other independent authority of the Contracting Party in accordance with the principles set out in this Article.

3. If a State Party expropriates the assets of a company which is incorporated or constituted in accordance with the law in force in its territory and in which investors of the other Contracting Party own shares, the Contracting Party shall ensure that the provisions of this Article shall apply to the extent to ensure the investors of the other Party owning such shares prompt adequate and effective compensation in respect of their investment.

Article 6. Transfers

1. States Parties shall guarantee to investors the free transfer of payments related to investments and returns after fulfillment of all tax obligations. The transfers shall be made in freely convertible currency, without restriction and delay. Such transfers shall include in particular, but not exclusively

a) capital and additional amounts for maintenance or enlargement of investments

b) profits, interest, dividends and other current income,

c) funds in repayment of loans,

d) royalties or fees.

e) proceeds from the total or partial sale or liquidation of investments;

f) earnings of natural persons employed in connection with an investment in the territory of the other Contracting Party y.

2. For the purposes of this Agreement, market exchange rates shall be applicable for current transactions at the date of transfer, unless otherwise agreed.

Article 7. Subrogation

1. If a Contracting Party or its authorized representative makes a payment to an investor of its State under the guarantee, which was granted in connection with investments in the territory of the other Contracting Party, the other Party shall recognize

a) the assignment of any rights or claims from investors to the former Contracting Party or authorized representative, regardless of whether it takes place on the basis of law or legal negotiations with the other party, as well as

b) that the former Contracting Party or its authorized representative is, by virtue of subrogation, entitled to exercise the rights and enforce the claims of that investor and assume the obligations related to the investment.

2. The subrogated rights or claims shall not exceed the original rights or claims of the investor.

Article 8. Settlement of Investment Disputes between a Contracting Party and Investors of the other Contracting Party

1. Any dispute which may arise between an investor of one Contracting Party and the other Contracting Party in connection with investments in the territory of the other Contracting Party shall be settled by negotiation between the parties to the dispute.

2. If a dispute between an investor of one Contracting Party and the other Contracting Party is not resolved within six months, the investor is entitled to submit the dispute either

a) the 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 in Washington, DC, March 18, 1965, if both Contracting Parties are parties to this Convention;

b) an arbitrator or international arbitration tribunal established an ad hoc basis under the Arbitration Rules of the United Nations Commission on International Trade Law (UNCITRAL). The parties may agree in writing to modify these Rules. The arbitration award shall be final and binding on the parties to the dispute.

Article 9. Settlement of Disputes between the Contracting Parties

1. Disputes between the Contracting Parties concerning the interpretation or application of this Agreement shall, if possible, be settled through consultation or negotiation.

2. If the dispute is not resolved within six months forward at the request of either Contracting Party to arbitration in accordance with the provisions of this Article.

3. The arbitral tribunal shall be constituted for each individual

A case like this. Each party shall appoint one member of the tribunal within two months of receipt of the request for arbitration. These two members shall then select a national of a third State who, with the consent of both Parties shall be appointed Chairman of the Tribunal (the "Chairman"). The Chairman shall be appointed within three months from the date of appointment of the other two members of the court.

4. If within the period referred to in paragraph 3 of this Article makes the necessary appointment may be asked to appoint the President of the International Court of Justice. If the President is a national of either Contracting Party or him in performing this function prevents other obstacles will be asked to appoint Vice-President of the International Court of Justice. If the Vice-President is a national of either of the Parties or in the exercise of his mandate otherwise prevented, it will be asked to appoint the oldest member of the International Court of Justice who is not a national of either Contracting Party.

5. The tribunal shall reach its decision by majority vote. Such decision shall be final and binding. Each Contracting Party shall bear the expenses of its members and its participation in the arbitration. The costs of the Chairman and other costs shall be borne both parties equally. The arbitral tribunal may decide that most of the costs will be borne by one of the parties and the decision is binding on both parties. The arbitral tribunal shall determine its own rules of procedure.

Article 10. Other Regulations and Specific Commitments

1. In the event that some of the issues addressed at the same time by this Agreement and by another international agreement binding on both parties, nothing in this Agreement shall prevent either Contracting Party or investors of the State who own investments in the territory of the other Contracting Party to use regulation to be it is more beneficial to them.

2. If the treatment accorded by one Contracting Party to investors of the other Contracting Party in accordance with the law or other specific provisions of contracts is more favorable than that which is provided under this Agreement shall be used for bargains.

Article 11. Application of this Agreement

The provisions of this Agreement shall apply to investments in the territory of one Contracting Party made in accordance with its laws and regulations by investors of the other Contracting Party before the entry into force of this Agreement, as well as afterwards, but shall not apply to any dispute relating to investments or claim, which arose before entry into force.

Article 12. Entry Into Force, Duration and Termination

1. Each Party shall notify the other of the completion of the internal constitutional procedures for the entry into force of this Agreement. This Agreement shall enter into force on the date of receipt of the latter notification.

2. This Agreement is concluded for a period of ten years and its validity shall be automatically extended for subsequent periods of ten years if one year before its expiry in the original or subsequent period, either Contracting Party in writing to the other Party of its intention to terminate the Agreement.

3. In respect of investments made prior to the expiry of this Agreement which the provisions of Articles 1-11 in force for ten years from the date of expiry.

IN WITNESS WHEREOF the undersigned, being duly authorized thereto, have signed this Agreement.

Done in Riga on April 9, 1998 in two originals, each in Slovak, Latvian and English languages, all texts being equally authentic. In case of divergence of interpretation it is considered crucial for the English version.

For the Government of the Slovak Republic:

Miroslav Maxon in. r.

For the Government of the Republic of Latvia:

Valdis Birkavs in. r.