

# Agreement between the Republic of Macedonia and the Republic of Slovenia on Mutual Protection and Promotion of Investments

THE REPUBLIC OF SLOVENIA

AND

THE REPUBLIC OF MACEDONIA

Desiring to create favorable conditions for better economic cooperation between the two countries, in particular for investments by investors of one Contracting Party in the territory of the other Contracting Party; and

With a view to encouraging and mutually protecting investment, which will contribute to reviving the economic development of both countries, the Parties agree as follows:

## Article 1. Definitions

For the purposes of this Agreement:

1. The term "investment" means any form of property or any other form of capital investment invested by a natural or legal person of one of the Parties in the territory of the other Party in accordance with the applicable regulations of the other Party.

Without prejudice to the general significance of the foregoing, this term includes:

- a) movable and immovable property, including other rights in rem;
- b) shares, ownership interests and any other securities or credit documents, as well as government securities in general;
- c) the right to money which has been used to create economic value or for services and benefits in kind which have an economic value and are linked to an investment;
- d) copyrights, trademarks, patents and other intellectual and industrial property rights, technical procedures, know-how and goodwill;
- e) any right of a financial nature deriving from a law or agreement, as well as any right, concession or franchise granted in accordance with the applicable regulations governing the performance of works, including the exploration, treatment, extraction and exploitation of natural resources.

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

a) The term "natural person" means, in respect of both Contracting Parties, any natural person who is a national of a Contracting State.

b) The term "legal person" means, in relation to both Parties, a legal person, including a company, corporation, business association or other organization established or otherwise organized in accordance with the regulations of one of the Parties and having its registered office in the territory of that Party.

3. The term "income" means money or assets generated by investments, in particular profits, interest income, income from cash investments, dividends, licenses and various other remuneration, including reinvestment of income and capital gains.

4. The term "territory" means the territory of the Republic of Slovenia and the territory of the Republic of Macedonia, including land, water and air, in which each Contracting Party exercises its sovereign rights and jurisdiction in accordance with international law.

5. Any change in the form of the invested funds does not change their characteristics as investments.

## **Article 2. Investment Promotion and Approval**

1. Each Contracting Party shall encourage investments in its territory by investors of the other Contracting Party and shall approve such investments in accordance with its applicable regulations.

2. The Contracting Party which has approved the investment shall, in accordance with its rules, grant all necessary approvals in respect of such investment and the resulting license and technical, commercial and commercial cooperation agreements. Each Party shall, whenever necessary, endeavor, in accordance with its regulations, to issue the necessary work permits to consultants or other qualified persons of foreign nationality, in so far as this relates to the execution of the investment.

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

1. Each Party shall ensure full protection and security in its territory for investments made by investors of the other Party in accordance with its regulations and shall not affect the management, maintenance, use, enjoyment, exploitation, expansion, sale and, ultimately, undue and discriminatory measures. case on the liquidation of such investments.

2. Each Party shall treat the investments of investors of the other Party in its territory fairly and impartially. Such treatment shall not be less favorable than that accorded by each Party to investments of its own investors or to investments of third country investors.

3. The treatment referred to in paragraphs 1 and 2 of this Article shall not apply to privileges or other rights granted by a Party to third country investors on the basis of membership of a free trade zone, customs union, common market or regional economic union, or on the basis of existing double taxation agreements or other agreements on tax issues.

## **Article 4. Expropriation**

1. Neither Party shall expropriate, nationalize or adopt investments of investors of the other Party whose effect is equal to or similar to expropriation or nationalization (hereinafter expropriation), unless such measure is taken in the public interest, in a non-discriminatory manner and against appropriate compensation.

The compensation must correspond to the market value of the expropriated investment immediately before the expropriation or immediately before the public announcement of the expropriation. The compensation must include interest from the day of expropriation until the day of payment, which is calculated on the basis of the annual LIBOR basis and must be freely transferable.

2. The amount of compensation shall be settled in convertible currency and paid without undue delay to the beneficiary, irrespective of his place of residence or domicile.

The transfer shall be effected without undue delay in accordance with the normal formal procedures for carrying out the transfer, the time limit for completing the formal transfer procedures not exceeding three months from the date on which the request for transfer is made.

3. Investors of either Contracting Party who suffer a loss on investment as a result of war or other armed conflicts, state of emergency, insurrection or unrest in the territory of the other Contracting Party shall be entitled to compensation in the form of compensation, compensation or other compensation under less favorable conditions. from those recognized to own investors or third country investors.

These payments must be made as soon as possible, freely transferable in a convertible currency, without undue delay.

## **Article 5. Transfer of Funds**

1. Each Party shall ensure to investors of the other Party the free transfer of investment-related payments in a convertible currency, in particular:

a) capital and additional amounts necessary to maintain and disseminate the investment;

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

c) funds to repay loans, including interest in accordance with a final and documented agreement, directly related to the

specific investment;

d) royalties and fees;

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

f) the compensation provided for in Article 4 of this Agreement;

g) earnings from the income of natural persons of one Contracting Party in connection with an investment in the territory of the other Contracting Party.

2. Transfers in convertible currency shall be made without delay, at the official exchange rate applicable on the date of the transfer, in accordance with the applicable procedure in force in the territory of the Contracting Party in which the investment was made, provided that all financial obligations are settled in accordance with applicable regulations.

3. The Parties agree that the conditions regarding transfers referred to in paragraphs 1 and 2 of this Article shall not be less favorable than the conditions applicable to transfers from investments of investors of any third country.

## **Article 6. Subrogation**

1. If one Party or one of its agencies makes payments to its investors on the basis of a guarantee or insurance against non-commercial risks for an investment made in the territory of the other Party, that other Party shall recognize the transfer of rights to the first Party or the Agency, had an investor.

The Contracting Party or one of its agencies to which the investor's rights have been transferred shall be the holder of the same rights as the investor and must assume and fulfill all obligations arising from such an insured investment in order to exercise them.

2. In the case of a transfer of rights referred to in paragraph 1 of this Article, the investor shall not assert claims unless authorized to do so by the Contracting Party or its agency to which the rights have been transferred.

## **Article 7. Settling Disputes between a Party and an Investor of the other Party**

1. In the event of a dispute between one Party and an investor of the other Party, the investor shall notify the Party in writing of all details. Any dispute between one Party and the investor of the other Party shall be settled amicably.

2. If the dispute cannot be settled amicably within six months from the date of the written communication referred to in paragraph 1 of this Article, the affected investor shall, at its discretion, submit the dispute to:

a) the court of the Contracting Party in whose territory the investment is made; or

b) an arbitral tribunal established under the arbitration rules of the United Nations Commission on International Trade Law (UNCITRAL); but

c) The International Center for the Settlement of Investment Disputes (ICSID), based on the provisions of the Convention on the Settlement of Investment Disputes between States and Nationals of Other States, opened for signature on 18.3.1965 in Washington DC, but only, if both Contracting Parties are Parties to that Convention.

3. The arbitral award shall be based on:

- the provisions of this Agreement;

- the national law of the Contracting Party in whose territory the investment was made, including the rules relating to the settlement of conflicts of laws;

- rules and generally accepted principles of international law.

4. The arbitral award shall be final and enforceable for the parties to the dispute. Each Contracting Party shall execute the arbitral award in accordance with national law.

## **Article 8. Settlement of Disputes between the Parties**

1. Disputes between the Parties concerning the interpretation or application of the provisions of this Agreement shall be settled through negotiations and consultations through diplomatic channels.

2. If the Parties are unable to settle the dispute amicably within six months of the date on which one of the Parties notifies the other Party of the dispute in writing, the dispute shall, at the request of either Party, be submitted to a three-member arbitral tribunal.

Each Party shall appoint one arbitrator. These two members will appoint the President, who must be a third-country national who has established diplomatic relations with both Parties.

3. If one of the Contracting Parties does not appoint an arbitrator and does not follow the invitation of the other Contracting Party to make the appointment within two months from the date of the invitation, the arbitrator shall be appointed by the President of the International Court of Justice at the request of the Contracting Party.

4. If the appointed arbitrators do not mutually elect the President of the Arbitral Tribunal within two months of the date of their appointment, the President shall be appointed by the President of the International Court of Justice at the request of either Contracting Party.

5. If the President of the International Court of Justice is prevented from attending to his duties or is a national of either Contracting Party, the appointments shall be made by the Vice-President in the cases described in paragraphs 3 and 4 of this Article. In the event that the Vice-President is suspended or is a national of one of the Contracting Parties, the oldest Judge of the Court who is not a national of either Contracting Party shall make appointments after the President.

6. The arbitral tribunal shall determine the procedure and shall give its decision by a majority of votes.

7. The award of the arbitral tribunal shall be final and enforceable for both Parties.

8. Each Party shall bear the costs of its own arbitrator in the arbitration proceedings; the expenses of the President and the other expenses shall be shared equally by the Parties. The arbitral tribunal may determine a different division of costs.

## **Article 9. Application of other Rules**

If the rules of any Contracting Party or obligations arising under international law or obligations existing between the Contracting Parties in addition to this Agreement or to be established thereafter give rise to general or special provisions under which the investments of investors of the other Contracting Party enjoy more favorable conditions than this Agreement, then such provisions or such regulations shall take precedence over the provisions of this Agreement in so far as they are more favorable.

## **Article 10. Consultations and Exchange of Information**

At the request of either Party, the Parties shall consult promptly on the interpretation and application of this Agreement. At the request of one Party, the other Party shall provide the necessary information on laws, regulations, decisions, policies, administrative practices and procedures the application of which affects investments that are the subject of this Agreement.

## **Article 11. Application of the Agreement**

This Agreement shall also apply to existing investments of investors of one Contracting Party in the territory of the other Contracting Party which were carried out in accordance with the legislation of the other Contracting Party before the entry into force of this Agreement.

## **Article 12. Entry Into Force**

This Agreement shall enter into force on the date on which the Parties have exchanged notifications that all the conditions laid down by law for the entry into force of this Agreement have been fulfilled in accordance with their respective internal regulations.

## **Article 13. Duration and Termination of the Agreement**

1. This Agreement shall remain in force for a period of ten years from the date of its entry into force and shall be automatically renewed for a further period of ten years, unless terminated in writing by either Party one year before its expiry.

Denunciation shall take effect and the Agreement shall be deemed to have been denounced after the expiration of one year from the date on which the other Party has received written denunciation.

2. For investments made before the date on which the denunciation takes effect, the provisions of Articles 1 to 12 of this Agreement shall continue to apply for a period of ten years from the date of termination of this Agreement.

This Agreement was concluded in Skopje on 5 June 1996 in two originals, each in the Slovene and Macedonian languages, both texts being equally authentic.

For the Republic of Slovenia

dr. Janez Drnovšek (s)

For the Republic of Macedonia

Branko Crvenkovski (s)