

# **Agreement between the Czech Republic and the Republic of Kazakhstan on encouragement and mutual protection of investments.**

The Czech Republic and the Republic of Kazakhstan (hereinafter referred to as "Contracting Parties"),

Desiring to strengthen and enhance economic cooperation between the two Contracting Parties:

Desiring to create favorable conditions for investors of one Contracting Party in the territory of the other Contracting Party

Recognizing that the promotion and reciprocal protection of investments in accordance with the Agreement will contribute to the development in entrepreneurial initiatives in this area,

Have agreed as follows:

## **Article 1. Definitions**

For the purposes of this Agreement:

1. The term "Investment" means every kind of asset that are invested in accordance with the economic activity, in order to profit by investors of one Contracting Party in the territory of the other Contracting Party in accordance with its law and encompasses, in particular, but not exclusively;

a) movable and immovable property and any other related property rights, including mortgages, the right mortgage lien or other lien and similar rights;

b) shares, stock, bonds, and any; Other forms of participation in property of legal entities;

c) the right of monetary debt claims or the right to claim for such activities that have economic value and are associated with the implementation of investments;

d) the right to intellectual and industrial property, including objects protected by copyright, patents, trademarks, service marks, trade names, industrial designs, commercial secrets, trade secrets, manufacturing processes, "know-how" and "goodwill", which are associated with an investment;

e) rights conferred by law or under contract, license or permit in accordance with the law, including the law relating to concessions for the exploration, development, production, cultivation or exploitation of natural resources.

Any change in the form in which the value invested, will not affect their character as an investment.

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 is a national of one of the Contracting Parties in accordance with applicable law;

b) The term "legal schscho" means, in relation to both Contracting Parties to any legal entity, registered and / or established in accordance with applicable law and the recognized entity that has a permanent residence in the territory of one of the Contracting Parties;

3. The term "returns" means the amounts obtained as a result of the investments or related, and include in particular, but not exclusively, profits, dividends, interest, capital gains, interest associated with the loan, any royalties and other legitimate income.

4. The term "territory" means, as the territory of the Czech Repub: psi, and the Republic of Kazakhstan, in which each Contracting Party exercises sovereign rights and jurisdiction in accordance with international law.

## **Article 2. Promotion and Protection of Investments**

1. Each Contracting Party shall promote investments by investors of the other contracting party and will create for investors a second Contracting Party conditions favorable to investments in its territory, carried out in accordance with its legislation.
2. Investments of investors of one Contracting Party shall be provided on the territory of the second Contracting Party fair and equitable conditions, and these investments will be under the full protection and security.

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

1. Each of the Contracting Parties will ensure in its territory investment and income of investors of the other Contracting Party fair and equal conditions and not less favorable than those it provides to the investments or income of its own investors, or investment or income investors of any third country, if the latter are more favorable.
2. Each of the Contracting Parties shall ensure in its territory to investors of the other Contracting Party regarding the management, maintenance, use or disposal of their investments, fair and equal conditions, and no less favorable than those which it provides to its own investors or investors of any third country if the latter are more favorable.
3. The provision on national treatment and most favored nation treatment in accordance with this article shall not apply to the benefits provided by the Contracting Party by virtue of its obligations arising from membership in a customs, economic or monetary union, in a common market or free trade area.
4. Each of the Contracting Parties agrees that the obligations of the other Contracting Party - member of a customs, economic or monetary union, common market or free trade zone - include obligations arising from an international treaty relating to a given customs, economic or monetary union, common market or free trade zone.
5. The provisions of this Agreement cannot be interpreted as an obligation of one of the Contracting Parties to provide investors of the other Contracting Party, their investments or income, such benefits, priorities or privileges that one Contracting Party is entitled to provide on the basis of the Agreement on avoidance of double taxation and prevention of tax evasion in respect of taxes on income and capital or other international agreements related to taxation.

## **Article 4. Indemnification**

1. If investors of either Contracting Party whose investments in the territory of the other Contracting Party have been harmed by the war or other armed conflict, a state of emergency, civil strife or similar circumstances, that Contracting Party shall accord to investors as regards restitution, compensation, payment and other types of settlements, treatment no less favorable than those provided by the Contracting Party to its own investors or investors of a third state.
2. Regardless of paragraph 1 of this Article, investors of one Contracting Party, who in the events set forth in the preceding paragraph, have suffered damage in the territory of the other Contracting Party, which is:
  - a) confiscation of their property by armed forces or by the authorities of the other Contracting Party;
  - b) destruction of their property by armed forces or by the authorities of the other Contracting Party which was not caused by military action or was not caused by the necessity of the situation, will be given a fair and appropriate compensation for the damage caused during capture, or as a result of destruction of property. Final payment will be transferred without delay in a freely convertible currency.

## **Article 5. Expropriation**

1. Investments of investors of either Contracting Party may not be nationalized, expropriated or subjected to other measures having consequences such as nationalization or expropriation (hereinafter referred to expropriation) in the territory of the second Contracting Party, except in cases where the expropriation is carried out in the public interest. The expropriation shall be made on the basis of laws, without discrimination, and will be accompanied by measures to ensure the immediate payment of adequate and effective compensation.

Compensation shall be equal to the value of the expropriated investment immediately before the implementation date of expropriation or before, when the impending expropriation became known, whichever comes first; compensation shall include interest, calculated from the date of expropriation and works to be transferred abroad without restrictions and unnecessary delay in freely convertible currency and be freely transferable.

2. An injured investor is entitled to file a case with a court or other independent body of a Contracting Party for the immediate review of his case and the determination of the value of his investment in accordance with the principles set forth in this article.

## **Article 6. Transfer of Payments**

1. Without affecting the measures taken by the European Union, each Contracting Party in whose territory investments were made by investors of the other Contracting Party, after the fulfillment of all tax obligations by investors, will provide these investors with a free transfer of payments related to these investments in freely convertible currency, freely and without undue delay, in particular, but not exclusively:

- a) initially invested capital and any additional capital used to maintain or expand the investment;
- b) profits, interest, dividends and other ordinary income;
- c) the amount for the payment of loans;
- d) royalties or other payments;
- e) proceeds from the sale or liquidation of all or part of the investments;
- f) pay for work on a regular basis to individuals of the other Contracting Party engaged in activities associated with investments in accordance with the law of the Contracting Party where the investment is carried out.

2. Transfers will be made in freely convertible currency at the prevailing rate applicable in the day of the transfer, if it is not agreed otherwise.

3. Translation implemented "without undue delay" in paragraph 1 of this Article refers to transfers made; in terms that are usually necessary for a work of such a transfer. This period shall in no case be less than two months.

## **Article 7. Subrogation**

1. If a Contracting Party or any institution authorized by it will make payments to any of its own investors under a guarantee or insurance, the prisoner in connection with the investment, the other Contracting Party will be recognized:

- a) the assignment of any rights or claims of the former Contracting Party or its institution, inherent to the investor no matter if the assignment of rights has occurred, based on the law or on the basis of this country legal contract, and that,
- b) a Contracting Party or its institution representing that investor rights have been transferred to acquire the right to exercise their rights and claims of the investor exposure, while at the same time taking on his responsibilities for investment.

2. Transferred rights or claims will not exceed the original rights or claims of the investor.

## **Article 8. Settlement of Disputes between a Contracting Party and an Investor of the other Contracting Party**

1. In order to resolve any dispute that may arise between a Contracting Party and an investor of the second Contracting Party in relation to the investment held in the territory of the second Contracting Party negotiations will take place between the parties concerned.

2. If in this way the dispute between the investor of one Contracting Party and the second Contracting Party is not resolved within six months from the date of receipt of the written notice of the dispute, then the investor may choose to submit it for consideration:

- a) To the competent courts of the state of the Contracting Party the territory of which the investments were made, or
- b) To the International Center for the Settlement of Investment Disputes (ICSID), taking into account the applicable provisions of the Convention for the Settlement of Investment Disputes between States and Citizens of Other States of March 18, 1965 if each of the Contracting Parties is a party to this Convention, or
- c) an arbitrator or an international ad hoc arbitral tribunal in accordance with the Arbitration Rules of the United Nations Commission on International Trade Law (UNCITRAL). The parties to the dispute may agree in writing to change these rules.

The decision of the arbitral tribunal must be final and binding on both parties to the dispute, unless otherwise provided in the relevant arbitration rules or international treaties to which both Contracting Parties are parties.

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

1. Disputes between the Contracting Parties concerning the interpretation and application of the provisions of this Agreement shall be settled, if it is possible, through consultation and negotiations.
2. If agreement is not reached by the Contracting Parties within six months from the date of the dispute, the dispute, at the request of any of the Contracting Parties, will be referred to the arbitral tribunal in accordance with the provisions of this article.
3. The arbitral tribunal will be drawn up separately for each specific case as follows. Each of the Contracting Parties shall appoint one arbitrator, within a period of up to two months from the date of receipt of the arbitration award. These two arbitrators elect a citizen of a third state, who, with the consent of both parties, will be appointed chairman of the arbitral tribunal (hereinafter "chairman"). The President will be elected within three months from the date of appointment of the two arbitrators.
4. If, during any of the periods specified in paragraph 3 of this Article has not been made necessary the appointment of an arbitrator, the arbitrator shall be appointed upon the request of either Contracting Party by the President of the International Court of Justice. If the President of the UN International Court of Justice is a national of either Contracting Party or is unable to fulfill the mandate for another reason, the arbitrator shall be appointed vice-president. If the Vice President is a citizen of either Contracting Party or is unable to fulfill the mandate, the arbitrator appointed by the most senior member of the International Court of Justice who is not a national of either Contracting Party.
5. The arbitral tribunal shall render its decision by majority vote.

This decision is final and binding for each Contracting Party. Each Contracting Party shall bear the expenses related to the activities of its own member of the court and its participation in the arbitration proceedings. Costs associated with the activities of the President of the Court, as well as other expenses, the Contracting Parties shall bear in equal shares. For all other issues arbitral tribunal shall determine its own rules of procedure.

## **Article 10. Application of other Legal Instructions and Special Responsibilities**

1. If a matter has been settled at the same time by this Agreement and by another international agreement to which both Contracting Parties are parties, none of the provisions of this Agreement prevents any of the Contracting Party or any of its investor, investment property which is located on the territory of the other Contracting Party, enjoy any legal provisions that are more favorable for him.
2. If the conditions provided by one Contracting Party to investors of the second Contracting Party under its legislation or other specific provisions of contracts is more favorable than those provided by this Agreement, they will apply more favorable conditions.

## **Article 11. Basic Security Interests**

1. Nothing in this Agreement can be interpreted as preventing any of the Contracting Parties from taking measures that it considers necessary to protect its basic security interests:
  - a) In relation to criminal offenses;
  - b) In relation to the trade in arms, ammunition and military equipment and operations with other goods, materials, services and technologies carried out in order to supply military or other security forces;
  - c) Carried out during war or extraordinary events in international relations;
  - d) Related to the implementation of national policies or international treaties on the prohibition of the proliferation of nuclear weapons or other nuclear explosive installations, or
  - e) In connection with its obligations, consistent with the UN Charter, aimed at preserving international peace and security.
2. The main security interests of a Contracting Party may include interests arising from its membership in a customs, economic or monetary union, common market or free trade zone.

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

The provisions of this Agreement shall apply to investments made by investors of one Contracting Party in the territory of the other Contracting Party in the future, and also to the investments made in accordance with its zakonodatelsvom until the Agreement enters into force.

## **Article 13. Final Provisions**

1. The Contracting Parties shall exchange notes on the fulfillment of the requirements of the Charter of each Contracting Party in respect of the entry into force of international agreements. The date of entry into force of this Agreement is the date of receipt of the last note.
2. This Agreement shall remain in force for ten years, after this period, remaining in force until then, until will expire twelve months from the date on which one Contracting Party notifies the other contracting party of its intention to terminate the Agreement.
3. With respect to the investments that were made prior to the termination of this Agreement, the provisions of the preceding articles of this Agreement shall remain in force for ten years from the date of termination of its validity.
4. By mutual agreement of the Contracting Parties, this Agreement may be amended and supplemented, being its integral parts, which are drawn up in separate protocols.

In witness whereof, we, the duly authorized representatives have signed this Agreement.

Done in Prague in October 1996 in two

Originals in Kazakh, Russian and Czech languages, in case of disagreement in the interpretation of the provisions of the Agreement, the Contracting Parties shall be guided by the Russian text of the Agreement.

FOR THE CZECH REPUBLIC

FOR THE REPUBLIC OF KAZAKHSTAN