# AGREEMENT

# BETWEEN

# THE GOVERNMENT OF THE SLOVAK REPUBLIC

# AND

# THE FEDERAL GOVERNMENT OF THE FEDERAL REPUBLIC OF

# YUGOSLAVIA

# ON THE PROMOTION AND RECIPROCAL PROTECTION OF INVESTMENTS

The Government of the Slovak Republic and the Federal Government of the Federal Republic of Yugoslavia (hereinafter referred to as the “Contracting Parties”),

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

Intending to create and maintain favourable conditions for investments of investors of one State in the territory of the other State, and

Conscious that the promotion and reciprocal protection of investments, in accordance with the present Agreement, will stimulate business initiatives in this field,

Have agreed as follows:

## ARTICLE 1
## Definitions

For the purposes of this Agreement:

1. The term “investment” shall comprise every kind of asset invested by an investor of one Contracting Party in the territory of the other Contracting Party in accordance with the laws and regulations of the latter and shall include, in particular, though not exclusively:

1) movable and immovable property as well as any other property rights such as mortgages, liens and pledges,

2) shares, stocks and debentures of companies or any other form of participation in a company,

3) claims to money or to any performance having an economic value,

4) intellectual property which includes, inter alia, rights relating to: copyrights, trade marks, trade secrets, trade names, patents, industrial designs, know-how, goodwill, technical processes and confidential business information associated with an investment.

5) any right conferred by law or under contract and any licenses and permits pursuant to law, including concessions to search for, extract, cultivate or exploit natural resources.

Any alteration of the form in which assets are invested shall not affect their character as investments.

2. The term “investor” shall mean any natural or legal person of a Contracting Party who invests in the territory of the other Contracting Party.

1) The term “natural person” shall mean any natural person having the nationality of a Contracting Party in accordance with its laws.

2) The term “legal person” shall mean with respect to a Contracting Party, any entity incorporated or constituted in accordance with, and recognized as legal person by its laws.

3. The term “returns” shall mean amounts yielded by an investment and in particular, though not exclusively, includes profits, interest, capital gains, shares, dividends, royalties or fees.

## ARTICLE 2
## Promotion and Protection of Investments

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

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

## ARTICLE 3
## National and Most – Favoured - Nation Treatment

1. Each Contracting Party shall in its territory accord to investments and returns of investors of the other Contracting Party treatment not less favourable than that which it accords to investments and returns of its own investors or to investments and returns of investors of any third State, whichever is more favourable.

2. Each Contracting Party shall in its territory accord to investors of the other Contracting Party, as regards management, maintenance, use enjoyment or disposal of their investments, treatment not less favourable than that which it accords to its own investors or of any third State, whichever is more favourable.

3. The provisions of paragraphs 1 and 2 of this Article shall not be construed so as to oblige one Contracting Party to extend to the investors of the other the benefit of any treatment, preference or privilege which may be extended by the former Contracting Party by virtue of:

1) any customs union, free trade area or a 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,

3) any international agreement or arrangement relating wholly or mainly to taxation or any domestic legislation 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 national emergency, revolt, insurrection, riot or other similar events in the territory of the other Contracting Party, they shall be accorded by the latter Contracting Party treatment, as regards restitution, indemnification,

   compensation or other settlement, not less favourable than that which the latter Contracting Party accords to its own investors or to investors of any third State.

2. Without prejudice to paragraph 1 of this Article, investors of one Contracting Party who in any of the events referred to in that paragraph suffer losses in the territory of the other Contracting Party resulting from:

   1) requisitioning of their property by the forces or authorities of the latter Contracting Party,
   2) destruction of their property by the forces or authorities of the latter Contracting Party which was not caused in combat action or was not required by the necessity of the situation, shall be accorded just and adequate compensation for the losses sustained during the period of the requisitioning or as a result of the destruction of the property.

3. Any payments realized in accordance with paragraphs 1 and 2 of this Article shall be made without undue delay and shall be freely transferable 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 effect equivalent to nationalisation or expropriation (hereinafter referred to as "expropriation") in the territory of the other Contracting Party except for a public purpose. The expropriation shall be carried out under due process of law, on a non – discriminatory basis and shall be adequate and effective compensation. Such compensation shall amount to the market value of the investment expropriated immediately before expropriation or impending expropriation became public knowledge, shall include interest at a normal commercial rate from the date of expropriation, shall be made without delay and be effectively realizable and freely transferable in a freely convertible currency.

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

## ARTICLE 6
## Transfers

1. Each Contracting Party shall, upon paying all fiscal and other obligations of the investors of the other Contracting party, guarantee to investors of the other Contracting Party free transfer of payments related to their investments and returns. Such transfers shall include in particular, though not exclusively:

    1) capital and additional amounts to maintain or increase the investment,
    2) returns,
    3) funds in repayment of loans,
    4) proceeds of sale or liquidation of the investment,
    5) the earnings of natural persons subject to the laws and regulations of the Contracting Party, in which investments have been made.
    6) compensation paid pursuant to articles 4 and 5

7) any payments realized on behalf of the investor in connection with Article 7 of this Agreement

2. Transfers shall be effected, without undue delay, in any convertible currency at the market exchange rate applicable on the date of transfer.

**ARTICLE 7**

**Subrogation**

1. If a Contracting Party or its designated agency makes a payment to its own investors under a guarantee it has granted in respect of an investment in the territory of the other Contracting Party, the latter Contracting Party shall recognize:

   1) The assignment, whether under the law or pursuant to a legal transaction, of any right or claim by the investor to the former Contracting Party or its designated agency, as well as,

   2) that the former Contracting Party or its designated agency is entitled by virtue of subrogation to exercise the rights and enforce the claims of the investor and shall 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 an Investor 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 an investment in the territory of that other Contracting Party shall be subject to negotiations between the parties to the dispute.

2. If such a dispute between an investor of one Contracting Party and the other Contracting Party cannot be thus settled within a period of six months from written notification of a claim, the investor shall be entitled to submit the case either to:

1) the International Centre for the 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 D.C. on 18 March 1965, when each Contracting Parties has become a party to the said Convention.

2) an international arbitrator or ad hoc arbitral tribunal established under the Arbitration Rules of the United Nations Commission on International Trade law (UNCITRAL).

3) The arbitral award shall be final and binding on both 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 cannot be thus settled within six months following the date on which such consultation or negotiation was requested by either Contracting Party, it shall

upon the request of either Contracting Parties, be submitted to an Arbitral Tribunal in accordance with the provisions of this Article.

3. The Arbitral Tribunal shall be constituted for each individual case in the following way. Within two months of the receipt of the request for arbitration, each Contracting Party shall appoint one member of the Tribunal. These two members shall then select a national of a third State who on approval of the two Contracting Parties shall be appointed Chairman of the tribunal (hereinafter referred to as the “Chairman”). The Chairman shall be appointed within three months from the date of the appointment of the other two members.

4. If within the periods specified in paragraph 3 of this Article the necessary appointments have not been made, a request may be made to the President of the International Court of Justice to make the appointments. If he happens to be a national of either Contracting Party, or of he is otherwise prevented from discharging the said function, the Vice – President shall be invited to make the

appointment. If the Vice – President also happens to be a national of either Contracting Party or is happens to be a national of either Contracting Party or is prevent from discharging the said function, the member of the International Court of Justice next in seniority who is not a national of either Contracting Party shall be invited to make that appointments.

5. The Arbitral Tribunal shall reach its decision by a majority of votes. Such decision shall be binding. Each Contracting Party shall bear the cost of its own arbitrator and its representation in the arbitral proceedings: the cost of the Chairman and the remaining cost shall be borne in equal parts by both Contracting Parties. The Arbitral Tribunal shall determine its own procedure.

## ARTICLE 10
## Application of Other Rules and Special Commitments

1. Where a matter is governed simultaneously by both this Agreement and another international agreement to which both Contracting Parties are parties, nothing in this Agreement shall prevent either Contracting Party or any of its investors who own investments in the territory of the other Contracting Party from taking advantage of whichever rules are more favourable to his case.

2. If the treatment to be accorded by one Contracting Party to investors of the other Contracting Party in accordance with its laws and regulations or other specific provisions of contracts is more favourable than that accorded by the Agreement, the more favourable shall be accorded.

## ARTICLE 11
## Applicability 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 prior as well as after its entry into force, but shall not apply to any dispute concerning investments, which has arisen before its entry into force.

## ARTICLE 12
## Entry into Force, Duration and Termination

1. Each of the Contracting Parties shall notify the other of the completion of the procedures required by its law for bringing this Agreement into force. This Agreement shall enter into force on the date of the second notification.

2. This Agreement shall remain in force for a period of ten years and shall continue in force thereafter unless, one year before the expiry of the initial or any subsequent five – year periods, either Contracting Party notifies the other in writing of its intention to terminate the Agreement.

3. In respect of investments made prior to the termination of this Agreement, the provisions of Articles 1 to 11 shall continue to be effective for a period of ten years from the date of termination.

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

DONE in two originals at Belgrade, on January 30, 1996, each in the Slovak, Serbian and English languages, all texts being equally authentic. In the case of divergence of interpretation, the English text shall prevail.

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| For the Government<br>of the Slovak Republic | For the Federal Government<br>of the Federal Republic of Yugoslavia |