

ADDITIONAL PROTOCOL
BETWEEN THE GOVERNMENT OF
THE REPUBLIC OF LATVIA AND
THE GOVERNMENT OF THE UNITED STATES OF AMERICA
TO THE TREATY FOR THE ENCOURAGEMENT AND RECIPROCAL
PROTECTION OF INVESTMENT OF JANUARY 13, 1995

Representatives of the Governments of the Republic of Latvia and the United States of America;

Desiring to make more effective the Treaty Between the Government of the Republic of Latvia and the Government of the United States of America for the Encouragement and Reciprocal Protection of Investment, with Annex and Protocol, signed at Washington on January 13, 1995 (hereinafter "the Treaty");

Have discussed the intentions of the Republic of Latvia and the United States of America regarding the compatibility between the Republic of Latvia's obligations under the Treaty and its obligations that arise from membership in the European Union;

Have acknowledged that the Republic of Latvia, pursuant to Article 307 of the Treaty Establishing the European Community and Article 6.10 of the Republic of Latvia's Act of Accession, as applicable, must take all appropriate steps to eliminate incompatibilities between the Treaty Establishing the European Community and its other international agreements, including the Treaty;

Have concluded, as a result, that certain amendments to the Treaty are necessary in order to avoid such incompatibilities;

Have decided to conclude an Additional Protocol thereto; and

Have agreed upon the following articles:

Article I

As necessary for the Republic of Latvia to meet its obligations pursuant to measures adopted by the European Union, Article II, paragraph 6, of the Treaty shall not limit the ability of the Republic of Latvia to impose performance requirements:

- (a) in the agricultural sector that relate to the production, processing and trade of agricultural and processed agricultural products, that implement quotas, or that require the purchase or use of goods produced or services provided in the European Union or, with respect to goods produced or services provided, a particular level or percentage of content from a source in the European Union;
or

- (b) in the audio-visual sector that relate to the production, distribution and exploitation of audio-visual works, that implement quotas, or that require the purchase or use of goods produced or services provided in countries of the Council of Europe or, with respect to goods produced or services provided, a particular level or percentage of content from a source in countries of the Council of Europe.

Article II

The Parties acknowledge that the terms of the customs union or free trade area exception found at Article II, paragraph 10(a), of the Treaty shall apply to all obligations of a Party by virtue of its membership in an economic integration agreement that includes a free trade area or customs union (e.g., the European Union), including obligations owed to nationals or companies of any third country.

Article III

Article V of the Treaty shall be amended by deleting the text of the existing article in its entirety and substituting the following text in its place:

“The Parties agree to consult promptly, on the request of either, to resolve any disputes in connection with the Treaty, or to discuss any matter relating to the interpretation or application of the Treaty. The Parties also agree to consult promptly whenever a Party believes that steps are necessary to assure compatibility between the Treaty and the Treaty Establishing the European Community with a view to assuring compatibility.”

Article IV

A. The Annex to the Treaty shall be amended by adding the following additional paragraphs:

- “4. As necessary to meet its obligations pursuant to measures adopted by the European Union, the Republic of Latvia reserves the right to make or maintain exceptions to national treatment, as provided in Article II, paragraph 1, in the sectors or matters it has indicated below:

Agriculture
Audio-visual
Securities, Investment Services and other Financial Services
Fisheries
Hydrocarbons
Subsidies
Transport (Air Carriers)
Transport (Inland Waterways)
Transport (Maritime)

5. As necessary to meet its obligations pursuant to measures adopted by the European Union, the Republic of Latvia reserves the right to make or maintain exceptions to most-favored-nation treatment, as provided in Article II, paragraph 1, in the sectors or matters it has indicated below:

Agriculture
Audio-visual
Hydrocarbons

6. Any exception by the Republic of Latvia exercised pursuant to paragraphs 4 or 5 above (*i.e.*, through any law or regulation adopted by, or any European Union measure directly applicable within, the Republic of Latvia) shall not apply, for the time period set forth below in subparagraph (a), to investments of nationals or companies of the United States that are existing in the relevant sector on the date this amendment takes effect or on the date the European Commission publishes its proposal to enact the relevant measure in its Official Journal, whichever date is later.

(a) The time period referred to in this paragraph shall be ten years from the date the relevant law or regulation adopted by, or European Union measure directly applicable within, the Republic of Latvia takes effect, or twenty years from the date of entry into force of the Treaty, whichever date is later.

(b) In no case, however, may an exception exercised pursuant to paragraphs 4 or 5 above apply to an existing investment, as defined in this paragraph, to the extent that it would require divestment, in whole or in part, of such an existing investment."

B. Paragraph 1 of the Annex to the Treaty shall be amended to reflect that the Government of the United States reserves the right to make or maintain limited exceptions to national treatment, as provided in Article II, paragraph 1, in the new sectors or matters it has indicated below:

Fisheries
Subsidies

C. Paragraph 2 of the Annex to the Treaty shall be amended to reflect that the Government of the United States reserves the right to make or maintain limited exceptions to most favored nation treatment, as provided in Article II, paragraph 1, in the new sectors or matters it has indicated below:

Fisheries

Article V

This Additional Protocol, which shall form an integral part of the Treaty, shall be subject to ratification.

Article VI

This Additional Protocol shall enter into force upon the exchange of instruments of ratification, and shall remain in force so long as the Treaty shall remain in force.

IN WITNESS WHEREOF, the undersigned, duly authorized, have signed this Additional Protocol.

DONE in duplicate at Brussels on the 22nd day of September, 2003 in the Latvian and English languages, both texts being equally authentic.

FOR THE GOVERNMENT OF
THE REPUBLIC OF LATVIA:

FOR THE GOVERNMENT OF
THE UNITED STATES OF AMERICA: