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AGREEMENT  
BETWEEN  
THE GOVERNMENT OF THE KINGDOM OF MOROCCO  
AND  
THE GOVERNMENT OF THE REPUBLIC OF CROATIA  
ON  
THE RECIPROCAL PROMOTION AND PROTECTION OF  
INVESTMENTS

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The Government of the Kingdom of Morocco

and

The Government of the Republic of Croatia  
(hereinafter the "Contracting Parties");

Desiring to promote greater economic cooperation between them, with respect to investments by investors of one Contracting Party in the territory of the other Contracting Party;

Recognizing that agreement upon the treatment to be accorded to such investments will stimulate the flow of private capital and the economic development of the Contracting Parties;

Considering beneficial influence of this Agreement to improve business contacts and increase prosperity;

Having resolved to conclude the Agreement on the reciprocal promotion and protection of investments;

Have agreed as follows:

## ARTICLE 1 DEFINITIONS

For the purposes of the Agreement:

1. The term "investment" means every kind of assets and any direct or indirect contribution in cash, in kind or in services, invested or reinvested in any sector of economic activity, by investors of one Contracting Party in the territory of the other Contracting Party, in accordance with its laws and regulations, and shall include in particular, though not exclusively:
  - a) movable and immovable property as well as any other rights *in rem* such as mortgages, liens, pledges, usufructs and similar rights;
  - b) stock, shares, debentures and other forms of participation in companies;
  - c) claims to money or to any performance having economic value, including every loan granted for the purpose of creating economic value;
  - d) intellectual property rights including, but not limited to, copyrights and neighbouring rights, industrial property rights, trademarks, patents, industrial designs and technical processes, rights in plants varieties, know-how, trade secrets, trade names and goodwill;
  - e) rights to engage in economic and commercial activities conferred by law and by virtue of a contract, including concessions to search for, cultivate, extract or exploit natural resources.

Any change of the legal form in which assets is invested or reinvested shall not affect its character as an investment.
2. The term "investor" means:
  - a) in respect of the Kingdom of Morocco: a natural person, having the Moroccan nationality by virtue of the legislation of the Kingdom of Morocco and who makes an investment in the territory of the Republic of Croatia;  

in respect of the Republic of Croatia: a natural person, a national of the Republic of Croatia in accordance with its laws, who makes an investment in the territory of the Kingdom of Morocco;
  - b) in respect of either Contracting Party: a legal person incorporated, constituted or otherwise duly organised in accordance with the laws and regulations of one Contracting Party, having its seat and performing business activity in the territory of the same Contracting Party and making an investment in the territory of the other Contracting Party;
3. The term "returns" means income deriving from an investment and includes, in particular though not exclusively, profits, dividends, interests, capital gains, royalties, patents licence fees, and other fees. Reinvested returns shall enjoy the same treatment as the original investment.

4. The term "without delay" shall mean such period as is normally required for the transfer of payments.
5. The term "freely convertible currency" means a currency which is widely traded in international foreign exchange markets and widely used in international transactions.
6. The term "territory" means:
  - with respect to the Kingdom of Morocco: the territory of the Kingdom of Morocco, including all maritime areas situated beyond the territorial waters of the Kingdom of Morocco which have been or could have been therefore referred to in the legislation of the Kingdom of Morocco, in accordance with international law, as being an area within which the Kingdom of Morocco can exercise its rights in relation to the seabed and maritime subsoil as well as to natural resources.
  - with respect to the Republic of Croatia: the territory of the Republic of Croatia as well as those maritime areas adjacent to the outer limit of the territorial sea including the seabed and subsoil over which the Republic of Croatia exercises, in accordance with international law, its sovereign rights and jurisdiction.

## **ARTICLE 2**

### **PROMOTION AND ADMISSION OF INVESTMENTS**

1. Each Contracting Party shall encourage and create favourable conditions for investors of the other Contracting Party to make investments in its territory and shall admit such investments in accordance with its laws and regulations.
2. Any extension, modification or transformation of the investment, performed according to the laws and regulations in force of the Contracting Party in the territory of which the investment is made, is considered as a new investment. However, the conditions for the admission of this new investment shall not be less favourable than those applied to the initial investment.
3. In order to encourage mutual investment flows, each Contracting Party shall endeavour to inform the other Contracting Party, at the request of either Contracting Party, on the investment opportunities in its territory.

## **ARTICLE 3**

### **ENTRY AND SOJOURN OF PERSONNEL**

Each Contracting Party shall, subject to its laws and regulations related to entry and sojourn of non-citizens, permit natural persons of the other Contracting Party and personnel employed by companies of the Contracting Party to enter and remain in its territory for the purpose of engaging in activities connected with investment.

**ARTICLE 4**  
**PROTECTION OF INVESTMENTS**

1. Each Contracting Party shall extend in its territory full protection and security to investments and returns of investors of the other Contracting Party, taking into account measures strictly necessary for the maintenance of public order. Neither Contracting Party shall hamper, by arbitrary, unreasonably or discriminatory measures, the development, management, maintenance, use, enjoyment, expansion, sale and if it is the case, the liquidation of such investments. Either Contracting Party shall observe any other obligation it may have entered into with regard to specific investments of investors of the other Contracting Party.
2. Investments or returns of investors of either Contracting Party in the territory of the other Contracting Party shall be accorded fair and equitable treatment in accordance with international law and provisions of this Agreement.

**ARTICLE 5**  
**NATIONAL TREATMENT AND MOST FAVOURED NATION TREATMENT**

1. Neither Contracting Party shall accord in its territory to investments and returns of investors of the other Contracting Party a treatment less favourable than that which it accords to investments and returns of its own investors, or investments and returns of investors of any other third State, whichever is more favourable to the investors concerned.
2. Neither Contracting Party shall accord in its territory to the investors of the other Contracting Party, as regards management, maintenance, enjoyment, use or disposal of their investment, a treatment which is less favourable than that which it accords to its own investors or to investors of any third State, whichever is more favourable to the investors concerned.
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 Contracting Party the benefit of any treatment, preference or privilege which may be extended by the former Contracting Party by virtue of:
  - a) any existing or future customs union or economic union, free trade area or similar international agreement,
  - b) any international agreement or arrangement, completely or mainly related to taxation, to which either of the Contracting Party is or may become a Party in the future.



**ARTICLE 6**  
**EXPROPRIATION**

1. A Contracting Party shall not expropriate or nationalise an investment in its territory of an investor of the other Contracting Party or take any measure or measures having equivalent effect (hereinafter referred to as "expropriation") except:
  - a) for a purpose which is in the public interest;
  - b) on a non-discriminatory basis;
  - c) in accordance with due process of law; and
  - d) accompanied by payment of prompt, adequate and effective compensation.
2. Compensation shall be paid without delay.
3. Such compensation shall amount to the fair market value of the expropriated investment at the time immediately before the expropriation was taken or became publicly known, whichever is earlier.
4. Such fair market value shall be expressed in a freely convertible currency on the basis of the market rate of exchange existing for that currency at the moment referred to in paragraph 3 of this Article. Compensation shall also include interest at a commercial rate established on a market basis for the currency in question taking into account the length of time defined by the laws and regulations of the Contracting Party until the date of actual payment.
5. The investor, whose investments are expropriated, shall have the right to prompt review of its case by a judicial or other competent authority of that Contracting Party, in accordance with its legislation, valuation of its investments and payment of compensation in accordance with the principles set out in this Article.

**ARTICLE 7**  
**COMPENSATION FOR DAMAGE OR LOSS**

1. When investments made by investors of either Contracting Party suffer loss or damage owing to war or other armed conflict which is not a result of the activities of the Contracting Party to which the investors belong, civil disturbances, revolution, riot or similar events in the territory of the latter Contracting Party, they shall be accorded by the latter Contracting Party, treatment, as regards restitution, indemnification, compensation or any other settlement, not less favourable than that the latter Contracting Party accords to its own investors or to investors of any third State, whichever is more favourable to the investors concerned.
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 damage or loss in the territory of the other Contracting Party resulting from:

- a) requisitioning of their property or part thereof by its forces or authorities;
- b) destruction of their property or part thereof by its forces or authorities which was not caused in combat action or was not required by the necessity of the situation,

shall be accorded a prompt restitution, and where applicable, prompt, adequate and effective compensation for damage or loss sustained during the period of requisitioning or as a result of destruction of their property. Resulting payments shall be made in freely convertible currency without delay.

#### **ARTICLE 8** **TRANSFERS**

1. Each Contracting Party shall ensure that all payments relating to an investment in its territory of an investor of the other Contracting Party, after the settlement of tax obligations, may be freely transferred into and out of its territory without delay. Such transfers shall include, in particular, though not exclusively:
  - a) the initial capital and additional amounts to maintain or increase an investment;
  - b) returns;
  - c) the amounts required for payment of expenses which arise from the operation of the investment under contract, loan repayments, payment of royalties, management fees, licence fees or other similar expenses;
  - d) proceeds from the sale or liquidation of all or any part of an investment;
  - e) payments of compensation under Articles 6 and 7 of this Agreement;
  - f) payments arising out of the settlement of an investment dispute;
2. The nationals of each Contracting Party who have been authorized to work in the territory of the other Contracting Party in connection with an investment shall also be permitted to transfer an appropriate portion of their earnings to their country of origin.
3. Transfers shall be made in a freely convertible currency at the rate applicable on the day transfers are made to spot transactions in the currency used.

#### **ARTICLE 9** **SUBROGATION**

If a Contracting Party or its designated agency makes a payment under an indemnity, guarantee or contract of insurance given in respect of an investment of an investor in the territory of the other Contracting Party, the latter Contracting Party shall recognise the assignment of any right or claim of such investor to the former Contracting Party or its designated agency and the right of the former Contracting Party or its designated agency to exercise by virtue of subrogation any such right and claim to the same extent as its predecessor in title.

**ARTICLE 10**  
APPLICATION OF OTHER LEGAL PROVISIONS

If the provisions of law of either Contracting Party or international obligations existing at present or established thereafter between the Contracting Parties in addition to the present Agreement, contain a rule, whether general or specific, entitling investments by investors of the other Contracting Party to a treatment more favourable than is provided for by the present Agreement, such rule shall, to the extent that it is more favourable, prevail over the present Agreement.

**ARTICLE 11**  
SETTLEMENT OF DISPUTES BETWEEN A CONTRACTING PARTY  
AND AN INVESTOR OF THE OTHER CONTRACTING PARTY

1. Any investment dispute between a Contracting Party and an investor of the other Contracting Party shall be settled by negotiations.
2. If a dispute under paragraph 1 of this Article cannot be settled within six (6) months of a written notification, the dispute shall be upon the request of the investor settled as follows:
  - a) by a competent court of the Contracting Party in whose territory the investment is made; or
  - b) by conciliation or arbitration by 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 on 18 March 1965; or
  - c) by an *ad hoc* arbitration tribunal, which unless otherwise agreed upon by the parties to the dispute, is to be established under the Arbitration Rules of the United Nations Commission on International Trade Law (UNCITRAL).

Both parties to the dispute give their irrevocable consent in respect of the fact that all disputes relating to investments are submitted to the above mentioned court, tribunal or alternative arbitration procedures. This consent implies the renunciation of the requirement that the internal administrative or juridical remedies should be exhausted.

3. The Arbitral tribunal shall give its ruling on the basis of the national law of the Contracting Party, which is a party to the dispute, in the territory of which the investment is situated, including the rules of conflict of laws, the provisions of the present Agreement, as well as the rules of international law.
4. The award shall be final and binding; it shall be executed according to the national law; Each Contracting Party shall ensure the recognition and enforcement of the arbitral award in accordance with its relevant laws and regulations.
5. A Contracting Party which is a party to a dispute shall not, at any stage of conciliation or arbitration proceedings or enforcement of an award, raise the objection that the investor who is the other party to the dispute has received an indemnity by virtue of a guarantee or an insurance in respect of all or a part of its losses.



**ARTICLE 12**  
**SETTLEMENT OF DISPUTES BETWEEN THE CONTRACTING PARTIES**

1. Disputes between the Contracting Parties concerning the interpretation or application of this Agreement shall be settled as far as possible by negotiations.
2. If a dispute according to paragraph 1 of this Article cannot be settled within six (6) months, it shall upon the request of either Contracting Party be submitted to an arbitral tribunal.
3. Such arbitral tribunal shall be constituted *ad hoc* as follows: each Contracting Party shall appoint one arbitrator and these two arbitrators shall agree upon a national of a third State as their chairman. Such arbitrators shall be appointed within three (3) months from the date one Contracting Party has informed the other Contracting Party, of its intention to submit the dispute to an arbitral tribunal, the chairman of which shall be appointed within three (3) further months.
4. If the periods specified in paragraph 3 of this Article are not observed, either Contracting Party may, in the absence of any other relevant arrangement, invite the President of the International Court of Justice to make the necessary appointments. If the President of the International Court of Justice is a national of either of the Contracting Parties or if he is otherwise prevented from discharging the said function, the Vice-President or, in case of his inability, the member of the International Court of Justice next in seniority should be invited under the same conditions to make the necessary appointments.
5. The tribunal shall establish its own rules of procedure.
6. The arbitral tribunal shall reach its decision in virtue of the present Agreement and pursuant to the rules of international law. It shall reach its decision by a majority of votes; the decision shall be final and binding.
7. Each Contracting Party shall bear the costs of its own member and of its legal representation in the arbitration proceedings. The costs of the chairman and the remaining costs shall be borne in equal parts by both Contracting Parties. The tribunal may, however, in its award determine another distribution of costs.

**ARTICLE 13**  
**APPLICATION OF THE AGREEMENT**

This Agreement shall apply to investments made prior to or after the entry into force of this Agreement, but shall not apply to any investment dispute that may have arisen or any claim, which was settled before its entry into force.

**ARTICLE 14**  
**ENTRY INTO FORCE**

This Agreement shall enter into force on the thirtieth day following the date of receipt of the latter notification through diplomatic channels by which one Contracting Party notifies the other Contracting Party that its internal legal requirements for the entry into force of this Agreement have been fulfilled.

**ARTICLE 15**  
**DURATION AND DENUNCIATION**

1. This Agreement shall remain in force for a period of ten (10) years and shall be extended thereafter for the following ten (10) year periods unless, one year before the expiration of the initial or any subsequent period, one Contracting Party notifies the other Contracting Party of its intention to denounce the Agreement. In that case, the denunciation shall become effective by the expiration of current period of ten (10) years.
2. In respect of investments made prior to the date when the denunciation of this Agreement becomes effective, the provisions of this Agreement shall continue to be effective for a period of ten (10) years from the date of denunciation of this Agreement.

IN WITNESS WHEREOF, the undersigned representatives, duly authorised thereto, have signed the present Agreement.

DONE at \_\_\_\_\_, on \_\_\_\_\_, in two originals, each in the Arabic, Croatian, and English languages, all texts being equally authentic. The text in the English language shall prevail in case of difference of interpretation.

FOR THE GOVERNMENT OF  
THE KINGDOM OF MOROCCO



FOR THE GOVERNMENT OF  
THE REPUBLIC OF CROATIA

