A G R E EME N T
BETWEEN
THE GOVERNMENT OF THE REPUBLIC OF CROATIA
AND
THE GOVERNMENT OF ROMANIA
CONCERNING THE EN COURAGEMENT AND RECIPROCAL PROTECTION OF INVESTMENTS

The Government of the Republic of Croatia and the Government of Romania 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 by investors of one Contracting Party in the territory of the other Contracting Party,

Recognizing the need to promote and protect foreign investments with the aim to foster the economic prosperity of both States,

Have agreed as follows:

Article 1
Definitions

For the purpose of this Agreement:

1. The term "investor" refers with regard to either Contracting Party to:
   a) natural parsons who, according to the law of that Contracting Party, are considered to be its citizens;
   b) legal entities. including companies, corporations, business associations and other organisations, which are constituted or otherwise duly organised under 'the law of that Contracting Party and have their seat together with real economic activities in' the territory of that same Contracting Party;

2. The term' "investments" shall include every kind of assets invested by investors of one Contracting Party in the territory of the other Contracting Party, in conformity with the laws and regulations of the latter and particularly, but not exclusively:
   a) movable and immovable property as well as any other rights in ram, such as servitude, mortgages, liens, pledges;
   b) shares, parts or any other kind of participation in companies;
   c) claims to money or to any rights to any performance having an economic value;
   d) intellectual property rights, such as copyrights, patents, industrial designs or models, trade or service marks, trade names, know-how and goodwill, as well as other similar rights recognised by the laws of the Contracting Parties;
   e) concessions under public law, including concessions to search for, extract or exploit natural resources as well as all other rights given by law, by contract or by decision of the authority in accordance with the law.

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

3. The term "returns" means amounts yielded by an investment and in particular, though not exclusively, includes profits, dividends, interests, capital gains, royalties, management and technical assistance or other fees, irrespective of the form in which the return is paid.

4. The term "territory" means the territory of the Republic of Croatia or the territory of Romania respectively, as well as those maritime areas, including the seabed and subsoil adjacent to the outer limit of the territorial sea of either of the above territories, over which the State concerned exercises, in accordance with international law, sovereign rights or jurisdiction for the purpose of exploration and exploitation of natural resources of such areas.

Article 2

Promotion, Admission

Each Contracting Party shall in its territory promote as far as possible investments by investors of the other Contracting Party and admit such investments in accordance with its laws and regulations.

When a Contracting party shall have admitted an investment on its territory, it shall, in accordance with its laws and regulations, grant the necessary permits in connection with such an investment, including authorizations for engaging top managerial and technical personnel of their choice, regardless of nationality.

Article 3

Protection, Treatment

1. Each Contracting party shall protect within its territory investments made in accordance with its laws and regulations by investors of the other Contracting Party and shall not impair by unreasonable or discriminatory measures the management, maintenance, use, enjoyment, extension, sale or liquidation of such investments. In particular, each Contracting Party or its competent authorities shall issue the necessary authorizations mentioned in Article 2, paragraph 2, of this Agreement.

2. Each Contracting party shall ensure fair and equitable treatment within its territory of the investments of the investors of the other Contracting Party. This treatment shall not be less favourable than that granted by each Contracting. Party to investments made within its territory by' its own investors, or than that granted by each Contracting Party to the investments made within its territory by investors of any third state, if this latter treatment is more favourable.

3. The most favoured nation clause shall not be construed so as to oblige a Contracting party to extend to the investors and investments of the other Contracting party the advantages resulting from any existing or future customs or economic union or a free trade area, to which either of the Contracting Parties is or becomes a member. Nor shall such treatment relate to any advantage which either Contracting party accords to investors of a third state by virtue of a double taxation agreement or other agreements on a reciprocal basis regarding tax matters.

Article 4

Free transfer

1. Each Contracting Party in whose territory investments have been made by investors of the other Contracting Party shall grant those investors the free transfer of the payments relating to these investments, particularly of:

   a) returns according to Article 1, paragraph 3 of this Agreement;

   b) amounts relating to loans incurred, or other contractual obligations undertaken, for the investment; and

   c) proceeds accruing from the total or partial alienation or liquidation of an investment. sale,

2. Unless otherwise agreed with the investor transfers shall be made at the rate of exchange applicable on the date of transfer pursuant to the exchange regulations in force of the Contracting party in whose territory the investment was made.

Article 5

Dispossession, Compensation

1. Neither of the Contracting Parties shall take, either directly or indirectly, measures of expropriation, nationalization or any other measures having the same nature or the same effect against investments of investors of the other Contracting Party, unless the measures are taken in the public interest as established by law, on a non discriminatory basis, and under due process of law, and provided that provisions be made for effective and adequate compensation. Such compensation shall amount to the market value of the expropriated investment immediately before the expropriation or the impending expropriation became public knowledge, shall include interest from the date of expropriation and be freely transferable.

2. The investors of one Contracting Party whose investments have suffered losses due to a war or any other armed conflict, revolution, state of emergency or rebellion, which took place on the territory of the other Contracting party shall benefit, on the part of this latter, from a treatment in accordance with Article 3, paragraph 2 of this Agreement. They shall, in all events, be entitled to compensation.

Article 6

Pre-agreement investments

The present Agreement shall also apply to investments legally registered and existing in the territory of a Contracting Party made by investors of the other Contracting Party prior to the entry into force of this Agreement. However, the Agreement shall not apply to disputes that have arisen before its entry into force. .

Article 7

Other obligations

1. If the legislation of ether Contracting Party entitles investments by investors of the other Contracting Party to treatment more favourable than is' provided for by this Agreement, such legislation shall to the extent that it is more favourable prevail over this Agreement.

2. Each Contracting party shall observe any other obligation it has assumed with regard to investments in its territory by investors of the other Contracting Party.

Article 8

Principle of subrogation

If either Contracting party or its designated agency makes payment to one of its investors under any financial guarantee against non-commercial risks it has granted in regard of an investment in the territory of the other Contracting Party, the latter shall recognize, by virtue of the principle of subrogation, the assignment of any right or title of that investor to the first Contracting party or its designated agency. The other Contracting Party shall be entitled to set off taxes and other public charges due and payable by the investor.

Article 9

Disputes between a Contracting Party and an investor of the other Contracting Party

1. For the purpose, of solving disputes with respect to investments between a Contracting Party and an investor of the other Contracting Party, consultations will take place between the parties concerned with a view to solving the case, as far as possible, amicably.

2. If these consultations do not result in a solution within six months from the date of request for settlement, the investor may submit the dispute, at his choice, for settlement to:

   a) the competent court of the Contracting Party in the territory of which the investment has been made; or

   b) the International Centre for Settlement of Investment Disputes (ICSID) provided for by the Convention on the Settlement of Investment Disputes between States and Nationals of other States, opened the signature at Washington, on 18 March 1965, after both Contracting Parties have became parties to this Convention; or

   c) an ad hoc arbitral tribunal which, unless otherwise agreed upon by the parties' to' the dispute, shall be established under the arbitration rules of the United Nations Commission on International Trade Law (UNCITRAL).

3. The Contracting party which is a party to the dispute shall at no time whatsoever during the procedures involving investment disputes, assert as a defence its immunity or the fact that the investor has received compensation under an insurance contract covering the whole or part of the incurred damage or loss.

Article 10

Disputes between Contracting Parties

1. Disputes between Contracting Parties regarding the interpretation or application of the provisions of this Agreement shall be settled through diplomatic channels.

2. If both Contracting Parties cannot reach an agreement within twelve months after the beginning of the dispute between themselves, the latter shall, upon request of either Contracting Party, be submitted to an arbitral tribunal of three members. Each Contracting party shall appoint one arbitrator, and these two arbitrators shall nominate a chairman who shall be a citizen of a third State.

3. If one of the Contracting parties has not appointed its arbitrator and has not followed the invitation of the other Contracting party to make that appointment within two months, the arbitrator shall be appointed upon the request of that Contracting Party by the president of the International Court of Justice.

4. If both arbitrators cannot reach an agreement about the choice of the chairman within two months after their appointment, the latter shall be appointed upon the request of either Contracting party by the president of' the International Court of Justice.

5. If, in the cases specified under paragraphs 3 and 4 of this Article, the President of the International. Court of Justice is prevented from carrying out the said function or if he is a citizen of either Contracting Party, the appointment shall be made by the Vice-President, and if the latter is prevented or if he is a citizen of either Contracting Party, the appointment shall be made by the most senior Judge of the Court who is not a citizen of either Contracting Party.

6. Subject to other provisions made by the Contracting Parties, the tribunal shall determine its procedure.

7. Each Contracting party shall bear the cost of the arbitrator it has appointed and of its representation in the arbitral proceedings. The cost of the chairman and the remaining costs shall be borne in equal parts by the Contracting Parties.

8. The decisions of the tribunal are final and binding for each Contracting Party.

Article 11

Entry into Force

This Agreement shall enter info force 30 days after the latter date on which either Contracting Party notifies the other Contracting Party through diplomatic channels that its internal legal requirements for the entry info force of this Agreement have been fulfilled.

Article 12

Duration and Denunciation

1. This Agreement shall remain in force for a period of ten (10) years and shall continue in force thereafter for a same period or periods unless, one year before the expiry of the initial or any subsequent period, either Contracting Party notifies the other Contracting Party *of* its intention to denounce the Agreement.

2. In ease of denunciation the provisions of this Agreement shall continue to be effective for a period of ten years from the date of termination of this Agreement.

In witness thereof the Undersigned, being duly authorized by their respective Government, have signed this Agreement.

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Done at Zagreb, on June 8th 1994, in two originals, in Croatian, Romanian and English languages, each text being equally authentic. In case of divergence, the English text shall prevail.

FOR THE HOVERNMENT OF THE REPUBLIC OF CROATIA	**FOR THE HOVERNMENT OF ROMANIA**