

No. 29533

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**FEDERAL REPUBLIC OF GERMANY  
and  
YUGOSLAVIA**

**Treaty concerning the reciprocal protection and encourage-  
ment of investments (with protocol). Signed at Belgrade  
on 10 July 1989**

*Authentic texts: German and Serbo-Croatian.*

*Registered by Germany on 28 January 1993.*

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**RÉPUBLIQUE FÉDÉRALE D'ALLEMAGNE  
et  
YOUGOSLAVIE**

**Traité relatif à la protection réciproque et à la promotion  
des investissements (avec protocole). Signé à Belgrade le  
10 juillet 1989**

*Textes authentiques : allemand et serbo-croate.*

*Enregistré par l'Allemagne le 28 janvier 1993.*

## [TRANSLATION — TRADUCTION]

TREATY<sup>1</sup> BETWEEN THE FEDERAL REPUBLIC OF GERMANY  
AND THE SOCIALIST FEDERAL REPUBLIC OF YUGOSLAVIA  
CONCERNING THE RECIPROCAL PROTECTION AND EN-  
COURAGEMENT OF INVESTMENTS

The Federal Republic of Germany and the Socialist Federal Republic of Yugoslavia,

Desiring to intensify economic cooperation between the Contracting Parties,

Seeking to create favourable conditions for reciprocal investments,

Recognizing that reciprocal protection and encouragement of investments help to strengthen economic initiative,

Have agreed as follows:

*Article 1*

(1) The term “investments” shall comprise every kind of asset which has been invested in conformity with national legislation, more particularly but not exclusively:

(a) Movable and immovable property as well as any other rights *in rem*, such as liens and pledges of all kinds and similar rights;

(b) Shares of companies and similar forms of investment;

(c) Claims to money which has been used to create an economic value or claims to services or benefits in kind which have an economic value and are connected with an investment;

(d) Copyrights, industrial property rights such as inventor’s rights including patents, trade marks, trade names, industrial patterns and models, technical processes, know-how and goodwill;

(e) Business concessions under public law, including concessions in connection with the use of natural resources.

Any alteration of the form of the investment shall not affect its classification as investment within the meaning of this Treaty.

(2) The term “returns” shall comprise the amounts yielded by an investment, more particularly but not exclusively: profits, dividends, interest, and licence or other similar fees.

(3) The term “investor” shall comprise, in conformity with the national legislation of the Contracting Party in each case

(a) In respect of the Federal Republic of Germany:

1. Germans domiciled in the area of application of this Treaty,

<sup>1</sup> Came into force on 25 October 1990, i.e., one month after the date of the exchange of the instruments of ratification, which took place at Bonn on 25 September 1990, in accordance with article 13 (2).

2. Juridical persons as well as commercial or other companies or associations with or without legal personality having their seat in the area of application of this Treaty, irrespective of whether or not their activities are directed at profit,

(b) In respect of the Socialist Federal Republic of Yugoslavia:

1. Natural persons having the nationality of the Socialist Federal Republic of Yugoslavia,
2. Juridical persons having been incorporated in accordance with Yugoslav regulations,

who make investments in conformity with their national legislation in the territory of the other Contracting Party.

#### *Article 2*

(1) Each Contracting Party shall in its territory promote as far as possible investments by investors of the other Contracting Party, admit them in accordance with its laws and accord them in every case fair and equitable treatment.

(2) Investments as well as the returns thereon shall enjoy the full protection of this Treaty. The same shall apply to reinvested returns and additional amounts to increase or maintain an investment.

(3) Neither Contracting Party shall in its territory prejudice in any way by means of arbitrary or discriminatory measures the management or use of investments by investors of the other Contracting Party.

#### *Article 3*

(1) Neither Contracting Party shall subject investments by investors of the other Contracting Party or investments in which investors of the other Contracting Party have a stake to treatment less favourable than it accords to investments of its own investors or investments by investors of third States.

(2) Neither Contracting Party shall subject investors of the other Contracting Party, as regards their business activity in connection with investments, to treatment less favourable than it accords to its own investors or investors of third States.

(3) The provisions of paragraphs 1 and 2 shall not refer to preferential rights and privileges which a Contracting Party by virtue of

(a) Its membership in a customs union, a common market or a free trade area, or its affiliation with an economic community,

(b) A double taxation agreement or other agreements regarding matters of taxation

grants to investments and investors of third States.

#### *Article 4*

(1) Investments by investors of a Contracting Party shall enjoy full protection and full security in the territory of the other Contracting Party.

(2) Investments by investors of either Contracting Party shall not be expropriated, nationalized or subjected to any other measure the effects of which would be tantamount to expropriation or nationalization in the territory of the other Contracting Party except for the public benefit and against compensation. Such compen-

sation shall be fair and shall correspond to the value of the investment expropriated at the date on which the decision on the expropriation, nationalization or comparable measures has become publicly known. The compensation shall be paid without undue delay, it shall be effectively realizable and freely transferable. The investor shall until the time of payment be entitled to interest on his compensation at the usual bank rate. The legality of any such expropriation or comparable measure and the amount of compensation shall be subject to review by due process of law of the relevant Contracting Party upon application of the investor.

(3) Investors of either Contracting Party whose investments suffer losses in the territory of the other Contracting Party owing to war or other armed conflict, revolution, a state of national emergency, or revolt, shall, as regards compensation or other indemnification, be accorded treatment no less favourable by such other Contracting Party than that party accords to its own investors or investors of third States.

#### Article 5

(1) Each Contracting Party shall guarantee to investors of the other Contracting Party the free transfer of payments in connection with an investment, in particular but not exclusively:

(a) Of the capital and additional amounts which are necessary to maintain or increase the investment;

(b) Of the returns;

(c) In repayment of loans granted in connection with an investment;

(d) Of the proceeds from the liquidation or sale of the whole or any part of the investment;

(e) Of compensation under the terms of Article 4.

(2) The transfer shall take place without undue delay at the exchange rate applicable on the date of transfer.

#### Article 6

If either Contracting Party makes a payment of compensation to one of its investors under a guarantee it has assumed in respect of an investment in the territory of the other Contracting Party, the latter Contracting Party shall, without prejudice to the rights of the former Contracting Party under Article 8 of this Treaty, recognize the assignment, whether under a law or pursuant to a legal transaction, of any right or claim from such investor to the former Contracting Party. The latter Contracting Party shall also recognize the subrogation of the former Contracting Party to any such right or claim of its predecessor on the same grounds and in the same amount. As regards the transfer of payments by virtue of such assignment, Article 5 of this Treaty shall apply *mutatis mutandis*.

#### Article 7

(1) If a national law of either Contracting Party or an agreement under international law, to which both Contracting Parties are party, grants the investor of the other Contracting Party or his investment more favourable treatment than under the terms of this Treaty, such regulation shall prevail over this Treaty.