

No. 30681

**UNITED KINGDOM OF GREAT BRITAIN
AND NORTHERN IRELAND
and
CZECHOSLOVAKIA**

**Agreement for the promotion and protection of investments
(with protocol and exchange of notes of 23 August and
24 October 1991). Signed at Prague on 10 July 1990**

Authentic texts: English and Czech.

*Registered by the United Kingdom of Great Britain and Northern Ireland
on 18 February 1994.*

**ROYAUME-UNI DE GRANDE-BRETAGNE
ET D'IRLANDE DU NORD
et
TCHÉCOSLOVAQUIE**

**Accord relatif à l'encouragement et à la protection des inves-
tissements (avec protocole et échange de notes des
23 août et 24 octobre 1991). Signé à Prague le 10 juillet
1990**

Textes authentiques : anglais et tchèque.

*Enregistré par le Royaume-Uni de Grande-Bretagne et d'Irlande du Nord
le 18 février 1994.*

AGREEMENT¹ BETWEEN THE GOVERNMENT OF THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND AND THE GOVERNMENT OF THE CZECH AND SLOVAK FEDERAL REPUBLIC FOR THE PROMOTION AND PROTECTION OF INVESTMENTS

The Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the Czech and Slovak Federal Republic;

Desiring to create favourable conditions for greater investment by investors of one State in the territory of the other State;

Recognising that the encouragement and reciprocal protection under international agreement of such investments will be conducive to the stimulation of business initiative and will contribute to the development of economic relations between the two States;

Acting in the spirit of the principles of the Final Act of the Conference of Security and Co-operation in Europe signed at Helsinki on 1 August 1975;²

Have agreed as follows:

ARTICLE 1

Definitions

For the purposes of this Agreement:

- (a) the term “investment” means every kind of asset belonging to an investor of one Contracting Party in the territory of the other Contracting Party under the law in force of the latter Contracting Party in any sector of economic activity and in particular, though not exclusively, includes:
- (i) movable and immovable property and any other related property rights including mortgages, liens or pledges;
 - (ii) shares in and stock and debentures of a company and any other form of participation in a company;
 - (iii) claims to money or to any performance under contract having a financial value;
 - (iv) intellectual property rights, goodwill, know-how and technical processes;
 - (v) business concessions conferred by law or, where appropriate under the law of the Contracting Party concerned, under contract, including concessions to search for, cultivate, extract or exploit natural resources.

¹ The Exchange of notes came into force on 24 October 1991, in accordance with its provisions, and the Agreement came into force on 26 October 1992, the date of the last of the notifications by which the Contracting Parties informed each other of the completion of the required constitutional formalities, in accordance with article 13.

² *International Legal Materials*, vol. XIV (1975), p. 1292 (American Society of International Law).

- A change in the form in which assets are invested does not affect their character as investments within the meaning of this Agreement. The term “investment” includes all investments, whether made before or after the date of entry into force of this Agreement;
- (b) the term “returns” means the amounts yielded by an investment and in particular, though not exclusively, includes profit, interest, capital gains, dividends, royalties and fees;
- (c) the term “investors” means:
- (i) in respect of the Czech and Slovak Federal Republic:
 - (aa) all legal entities established under Czechoslovak law;
 - (bb) all natural persons who, according to Czechoslovak law, are Czechoslovak citizens and have the right to act as investors;
 - (ii) in respect of the United Kingdom:
 - (aa) physical persons deriving their status as United Kingdom nationals from the law in force in the United Kingdom;
 - (bb) corporations, firms and associations incorporated or constituted under the law in force in any part of the United Kingdom or in any territory to which this Agreement is extended in accordance with the provisions of Article 12;
- (d) the term “territory” means:
- (i) in respect of the Czech and Slovak Federal Republic: the territory of the Czech and Slovak Federal Republic;
 - (ii) in respect of the United Kingdom: Great Britain and Northern Ireland, including the territorial sea and any maritime area situated beyond the territorial sea of the United Kingdom which has been or might in the future be designated under the national law of the United Kingdom in accordance with international law as an area within which the United Kingdom may exercise rights with regard to the seabed and subsoil and the natural resources and any territory to which this Agreement is extended in accordance with the provisions of Article 12.

ARTICLE 2

Promotion and Protection of Investment

- (1) Each Contracting Party shall encourage and create favourable conditions for investors of the other Contracting Party to invest capital in its territory, and, subject to its right to exercise powers conferred by its laws, shall admit such capital.
- (2) Investments of investors of each 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. Neither Contracting Party shall in any way impair by unreasonable or discriminatory measures the management, maintenance, use, enjoyment or disposal of investments in its territory of investors of the other Contracting Party.
- (3) Investors of one Contracting Party may conclude with the other Contracting Party specific agreements, the provisions and effect of which, unless more beneficial to the investor, shall not be at variance with this Agreement. Each Contracting Party shall, with regard to investments of investors of the other Contracting Party, observe the provisions of these specific agreements, as well as the provisions of this Agreement.

ARTICLE 3**National Treatment and Most-favoured-nation Provisions**

- (1) Each Contracting Party shall ensure that under its law investments or returns of investors of the other Contracting Party are granted treatment not less favourable than that which it accords to investments or returns of its own investors or to investments or returns of investors of any third State.
- (2) Each Contracting Party shall ensure that under its law investors of the other Contracting Party, as regards their management, maintenance, use, enjoyment or disposal of their investments, are granted treatment not less favourable than that which it accords to its own investors or to investors of any third State.

ARTICLE 4**Compensation for Losses**

Investors of one Contracting Party whose investments in the territory of the other Contracting Party suffer losses owing to any armed conflict, a state of national emergency, or civil disturbances in the territory of the latter Contracting Party shall be accorded by the latter Contracting Party treatment, as regards restitution, indemnification, compensation or other settlement, no less favourable than that which the latter Contracting Party accords to its own investors or to investors of any third State. Resulting payments shall be freely transferable.

ARTICLE 5**Expropriation**

- (1) Investments of investors of either Contracting Party shall not be nationalised, 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 related to the internal needs of that Party on a non-discriminatory basis and against prompt, adequate and effective compensation. Such compensation shall amount to the genuine value of the investment expropriated immediately before the expropriation or before the impending expropriation became public knowledge, whichever is the earlier, shall include interest at a normal commercial rate until the date of payment, shall be made without delay, be effectively realisable and be freely transferable. The investor affected shall have a right, under the law of the Contracting Party making the expropriation, to prompt review, by a judicial or other independent authority of that Party, of his or its case and of the valuation of his or its investment in accordance with the principles set out in this paragraph.
- (2) The provisions of paragraph (1) shall also apply where a Contracting Party expropriates the assets of a company which is incorporated or constituted under the law in force in any part of its own territory, and in which investors of the other Contracting Party own shares.

ARTICLE 6

Repatriation of Investment and Returns

Each Contracting Party shall in respect of investments guarantee to investors of the other Contracting Party the unrestricted transfer of their investments and returns. Transfers shall be effected without delay in the convertible currency in which the capital was originally invested or in any other convertible currency agreed by the investor and the Contracting Party concerned. Unless otherwise agreed by the investor transfers shall be made at the rate of exchange applicable on the date of transfer pursuant to the exchange regulations in force.

ARTICLE 7

Exceptions

The provisions of this Agreement relative to the grant of treatment not less favourable than that accorded to the investors of either Contracting Party or of any third State 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 resulting from:

- (a) any existing or future customs or economic union or similar international agreement to which either of the Contracting Parties is or may become a Party, or
- (b) any international agreement or arrangement, or any domestic legislation, relating wholly or mainly to taxation.

ARTICLE 8

Settlement of Disputes between an Investor and a Host State

(1) Disputes between an investor of one Contracting Party and the other Contracting Party concerning an obligation of the latter under Articles 2(3), 4, 5 and 6 of this Agreement in relation to an investment of the former which have not been amicably settled shall, after a period of four months from written notification of a claim, be submitted to arbitration under paragraph (2) below if either party to the dispute so wishes.

(2) Where the dispute is referred to arbitration, the investor concerned in the dispute shall have the right to refer the dispute either to:

- (a) an arbitrator or *ad hoc* arbitral tribunal to be appointed by a special agreement or established and conducted under the Arbitration Rules of the United Nations Commission on International Trade Law; the parties to the dispute may agree in writing to modify these Rules, or
- (b) the Institute of Arbitration of the Chamber of Commerce of Stockholm, or
- (c) the Court of Arbitration of the Federal Chamber of Commerce and Industry in Vienna.

(3) The arbitrator or arbitral tribunal to which the dispute is referred under paragraph (2) shall, in particular, base its decision on the provisions of this Agreement.