AGREEMENT
BETWEEN CZECH REPUBLIC AND THE REPUBLIC OF COSTA RICA FOR THE PROMOTION AND RECIPROCAL PROTECTION OF INVESTMENTS

The Czech Republic and the Republic of Costa Rica (hereinafter referred to as the "Contracting Parties"),

Desiring to develop economic cooperation to the mutual benefit of both States,

Intending to create and maintain favorable conditions for investments of investors of one State in the territory of the other State, and

Conscious that the promotion and reciprocal protection of investment in terms of the present Agreement stimulates the business initiatives in this field,

Have agreed as follows:

Article 1
Definitions

For the purposes of this Agreement:

1. The term "investment" shall comprise every kind of asset invested in connection with economic activities by an investor of one Contracting Party in the territory of the other Contracting Party in accordance with the laws and regulations of the latter 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 or pledges;

b) shares, stocks and debentures of companies or any other form of participation in a company;

c) claims to money or to any performance under contract having a financial value associated with an investment;

d) intellectual property rights, including copyrights and related rights, trade marks, patents, industrial designs, technical processes, know-how, trade secrets, trade names, lay-out designs of integrated circuits, geographical indications, and goodwill associated with an investment;

e) any right conferred by laws or under contract and any licenses and permits pursuant to laws, including the concessions to undertake any economic activity, including any right to search for, extract, cultivate or exploit natural resources.

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

2. The term "investor" shall mean any natural or legal person who invests in the territory of the Contracting Party according to this Agreement and the legislation of that Contracting Party.

a) The term "natural person" shall mean any natural person having the nationality of either Contracting Party in accordance with its laws.

b) The term "legal person" shall mean, with respect to either Contracting Party, any entity such as companies, corporations, business associations and other organizations which are duly incorporated or constituted in accordance with the laws of that Contracting Party, and recognized as a legal person by its laws, having its permanent seat or domicile in the territory of that Contracting Party, including non-profitable organizations.

3. The term "returns" shall mean amounts yielded by an investment and in particular, though not exclusively, includes profits, interest, capital gains, dividends, royalties or fees.

4. The term "territory" shall mean:

a) in respect of the Czech Republic, the territory of the Czech Republic over which it exercises sovereignity, sovereign rights and jurisdiction in accordance with international law;

b) in respect of the Republic of Costa Rica, the territory of the Republic of Costa Rica, including the air space, territorial sea and any maritime or submarine area over which the Republic of Costa Rica may exercise, in accordance with international law, sovereign rights, for the purpose of exploration, exploitation and preservation of the sea-bed, subsoil and natural resources, in accordance with international law.

Article 2

Promotion and Protection of Investments

1. Each Contracting Party shall encourage and create favorable 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. Investments of investors of either 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.

Article 3

National and Most-Favored-Nation Treatment

1. Each Contracting Party shall in its territory accord to investments and returns of investors of the other Contracting Party treatment which is fair and equitable and not less favorable than that which it accords to investments and returns of its own investors or to investments and returns of investors of any third State, whichever is more favorable.

2. Each Contracting Party shall in its territory accord to investors of the other Contracting Party, regarding activities directly related to their investment, such as management, maintenance, use, enjoyment or disposition of their investment, treatment which is fair and equitable and not less

3. favorable than that which it accords to its own investors or to investors of any third State, whichever is more favorable.

4. 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 the benefit of any treatment, preference or privilege which may be extended by the former Contracting Party by virtue of:

a) any free trade area, customs union, common market, economic or monetary union or similar international agreements leading to such unions or institutions or other forms of regional cooperation to which either of the Contracting Parties is or may become a party;

b) any international agreement or arrangement relating wholly or mainly to taxation.

Article 4

Compensation for Losses

1. Where an investment of an investor of either Contracting Party suffers losses owing to war, armed conflict, a state of national emergency, revolt, insurrection, riot or other similar events in the territory of the other Contracting Party, such investor shall be accorded by the latter Contracting Party, with respect to said investment, a treatment, as regards restitution, indemnification, compensation or other settlement, not less favorable than that which the latter Contracting Party accords to its own investors or to investors of any third State.

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 losses in the territory of the other Contracting Party resulting from:

a) requisitioning of their property by the forces or authorities of the latter Contracting Party, acting in that capacity, or

b) destruction of their property by the forces or authorities of the latter Contracting Party, acting in that capacity, which was not caused in combat action or was not required by the necessity of the situation, shall be accorded restitution or just and adequate compensation for the losses sustained during the period of the requisitioning or as a result of the destruction of the property, in accordance with the law of that Contracting Party.

Resulting payments shall be freely transferable in a freely convertible currency without delay.

Article 5

Expropriation

1. Investment of investors of either Contracting Party shall not be nationalized, expropriated or subjected to measures having effect equivalent to nationalization or expropriation (hereinafter referred to as "expropriation") in the territory of the other Contracting Party except for a public purpose. The expropriation shall be carried out under due process of law, on a non-discriminatory basis and shall be accompanied by provisions for the payment of prompt, adequate and effective compensation. Such compensation shall amount to the fair price of the investment expropriated immediately before expropriation or impending expropriation became public knowledge, shall include interest from the date of dispossession, based on the average deposit rate prevailing in the national banking system, shall be made without delay, be effectively realizable and be freely transferable in a freely convertible currency. The fair price shall be determined according to the laws and regulations of the host Contracting Party.

2. The investor affected shall have a right to prompt review by a judicial or other independent authority of that Contracting Party, of his or its case and of the valuation of his or its investment in accordance with the principles set out in this Article.

3. Any matter relating to the access of goods produced in the territory of one Contracting Party to foreign markets, including quantitative export restriction or their allocation, applied in acordance with the provisions contained in the Agreements concluded under the WTO, particularly Article XIII of GATT 1994, shall not be covered by this Agreement.

Article 6

Transfers

1. The Contracting Parties shall ensure the transfer of payments related to investments and returns. The transfers shall be made in a freely convertible currency, without any restriction and undue delay. Such transfers shall include in particular, though not exclusively:

a) capital and additional amounts to maintain or increase the investment;

b) profits, interest, dividends and other current income;

c) funds in repayment of loans;

d) royalties or fees;

e) proceeds of sale or liquidation of the investment;

f) wages and other remuneration accruing to nationals of the other Contracting Party, who were permitted, in accordance with the law of the host Contracting Party, to work in connection with an investment in the territory of that Contracting Party.

2. For the purpose of this Agreement, exchange rates shall be the prevailing rate for current transactions at the date of transfer, unless otherwise agreed.

3. Transfers shall be considered to have been made "without any undue delay" in the sense of paragraph (1) of this Article when they have been made within the period normally necessary for the completion of the transfer. Such period shall under no circumstances exceed three months.

4. Each Contracting Party shall be entitled, under circumstances of exceptional or serious balance of payments difficulties, to limit transfers temporarily, on a fair and non-discriminatory basis, and in accordance with criteria accepted by international organizations of which both Contracting Parties are members. Limits on transfers adopted or maintained by a Contracting Party under this paragraph shall be notified promptly to the other Contracting Party.

Article 7

Subrogation

1. If a Contracting Party or its designated agency makes a payment to its own investors under a guarantee it has accorded in respect of an investment in the territory of the other Contracting Party, the latter Contracting Party shall recognize:

a) the subrogation under the law or pursuant to a transaction in accordance with the law of that Contracting Party, of any right or claim by the investor to the former Contracting Party or its designated agency; as well as,

b) that the former Contracting Party or its designated agency is entitled by virtue of subrogation to exercise the rights and enforce the claims of that investor and shall assume the obligations related to the investment.

2. The subrogated rights or claims shall not exceed the original rights or claims of the investor.

Article 8

Settlement of Investment Disputes between a Contracting Party and an Investor of the other Contracting Party

1. Any dispute which may arise between an investor of one Contracting Party and the other Contracting Party in connection with an investment in the territory of that other Contracting Party shall be notified in writing by the investor to the host Contracting Party. The dispute shall be subject to amicable consultations or negotiations between the parties to the dispute.

2. If any dispute between an investor of one Contracting Party and the other Contracting Party cannot be thus settled within a period of six months from the written notification of the claim, the investor shall be entitled to submit the case either to:

a) the competent tribunals of the Contracting Party where the investment was made; or

b) international arbitration:

i) to the International Centre for Settlement of Investment Disputes (ICSID) having regard to the applicable provisions of the Convention on the Settlement of Investment Disputes between States and Nationals of other States opened for signature at Washington D.C. on March 18, 1965, in the event both Contracting Parties shall have become a party to this Convention; or

ii) to the Additional Facility Rules of ICSID, if either the disputing Contracting Party or the Contracting Party of the investor, but not both, is a party of the ICSID Convention; or

iii) to an international ad hoc arbitral tribunal established under the Arbitration Rules of the United Nations Commission on International Trade Law (UNCITRAL).

3. The arbitral awards shall be based on the provisions of this Agreement, the rules and accepted general principles of international law, and on the domestic law of the host Contracting Party to the extent that the domestic laws and regulations of the host Contracting Party are not inconsistent with the provisions of this Agreement or the principles of international law.

4. Once the investor has submitted the dispute to international arbitration, that submission shall be definitive. If the investor has submitted the dispute to the competent tribunals of the Contracting Party where the investment has been made, the investor may withdraw his claim according to the laws and regulations of that Contracting Party, provided that a final decision has not been rendered, and submit the dispute to international arbitration as described in this Article. This submission to an arbitration after the withdrawal from the national tribunals shall be definitive.

5. The arbitral awards shall be final and binding on both parties to the dispute. Each Contracting Party assumes the commitment to execute the awards according to its national legislation.

6. The Contracting Parties shall abstain from addressing through diplomatic channels any matter submitted to the tribunals or arbitration according to this article, except in the case that the disputing party has not complied either with the judicial decision or the arbitral award.

Article 9

Settlement of Disputes between the Contracting Parties

1. Disputes between the Contracting Parties concerning the interpretation or application of this Agreement shall, if possible, be settled through consultations or negotiations.

2. If the dispute cannot be thus settled within six months, it shall upon the request of either Contracting Party be submitted to an arbitral tribunal in accordance with the provisions of this Article.

3. The arbitral tribunal shall be constituted for each individual case in the following way. Within two months of the receipt of the request for arbitration, each Contracting Party shall appoint one member of the tribunal. These two members shall then select a national of a third State who on approval of the two Contracting Parties shall be appointed Chairman of the tribunal (hereinafter referred to as the "Chairman"). The Chairman shall be appointed within five months from the date the request for arbitration was received.

4. If within the periods specified in paragraph 3 of this Article the necessary appointments have not been made, a request may be made to the President of the International Court of Justice to make the appointments. If he happens to be a national of either Contracting Party, or if he is otherwise prevented from discharging the said function, the Vice-President shall be invited to make the appointments. If the Vice-President also happens to be a national of either Contracting Party or is prevented from discharging the said function, the member of the International Court of Justice next in seniority who is not a national of either Contracting Party shall be invited to make the appointments.

5. The arbitral tribunal shall reach its decision by a majority of votes. Such decision shall be final and binding on the Contracting Parties. Each Contracting Party shall bear the cost of its own arbitrator and its representation in the arbitral proceedings; the cost of the Chairman and the remaining costs shall be borne in equal parts by both Contracting Parties. The arbitral tribunal shall determine its own procedure.

Article 10

Application of Other Rules and Special Commitments

1. Where an investment matter is governed simultaneously both by this Agreement and by another international agreement to which both Contracting Parties are parties, nothing in this

Agreement shall prevent either Contracting Party or any of its investors who own investments or investment of its investors in the territory of the other Contracting Party from taking advantage of whichever rules are more favorable to the case.

2. Where an investment matter is governed both by this Agreement and the laws and regulations of the host Contracting Party, or other specific provisions of contracts, the more favorable treatment shall be accorded to the investment of investors of the other Contracting Party or to investors who own investments in the other Contracting Party.

Article 11

Applicability of this Agreement

The provisions of this Agreement shall apply to future investments made by investors of one Contracting Party in the territory of the other Contracting Party, and also to the investments existing in accordance with the laws of the Contracting Parties on the date this Agreement comes into force. Nevertheless, this Agreement shall not have any retroactive effect, especially regarding disputes or claims which arose or were settled prior to the entry into force of this Agreement.

Article 12

Entry into Force, Duration, and Termination

1. Each of the Contracting Parties shall notify the other of the completion of the procedures required by its law for bringing this Agreement into force. This Agreement shall enter into force on the date of the second notification.

2. This Agreement shall remain in force for a period of ten years. Thereafter, it shall remain in force until the expiration of a twelve month period from the date either Contracting Party notifies the other in writing of its intention to terminate the Agreement.

3. In respect of investments made prior to the termination of this Agreement, the provisions of this Agreement shall continue to be effective for a period of ten years from the date of termination.

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

DONE in duplicate at San José, this 28 day of October, 1998, in the Czech, Spanish, and English languages, all three texts being equally authentic. In case of any divergence of interpretation the English text shall prevail.

For the Czech Republic

For the Republic of Costa Rica