

**A G R E E M E N T**

**BETWEEN  
THE REPUBLIC OF MACEDONIA  
AND  
THE STATE OF KUWAIT**

**FOR THE ENCOURAGEMENT AND RECIPROCAL PROTECTION  
OF INVESTMENTS**

The Republic of Macedonia and State of Kuwait (hereinafter referred to as the "Contracting States");

Desiring to create favorable conditions for the development of economic cooperation between them and in particular for investment by investors of one Contracting State in the territory of the other Contracting State;

Recognizing that the encouragement and reciprocal protection of such investments will be conducive to the stimulation of business initiative and to the increase of prosperity in both Contracting States;

Have agreed as follows:

**Article 1**  
**Definitions**

For the purposes of this Agreement:

1. The term "investment " shall mean every kind of asset in territory of one Contracting State that is owned or controlled directly or indirectly by an investor of the other Contracting State, and includes asset consisting or taking the form of:
  - a) shares in stocks, bonds, debentures or any other kind of participation in a companies;
  - b) claims to money and claims to any other assets or performance pursuant to contract having an economic value, including, but not limited, to debts and loans;
  - c) intellectual property rights, including, but not limited to, copyrights, trademarks, patents, industrial designs and patterns and technical processes, know-how, trade secrets, trade names and goodwill;
  - d) any right conferred by law, contract or by virtue of any licenses or permits granted pursuant to law, including rights to prospect, explore, extract, or utilize natural resources, and rights to undertake other economic or commercial activities.
  - e) any other tangible and intangible, movable and immovable property, and any related property rights, such as leases, mortgages, liens and pledges.

The term "investment" shall also apply to "returns" retained and proceeds from liquidation for the purpose of re- investment.

Any change in the form in which asset are invested or reinvested shall not affect their character as investments.

2. The term "investor" with respect to a Contracting State shall mean

- (a) a natural person holding the nationality or citizenship of that Contracting State in accordance with its applicable laws;
  - (b) the Government of that Contracting State;
  - (c) any legal person constituted or incorporated under the law and regulation of that Contracting State having its seat in territory of that Contracting State, such as institutions, companies, enterprises, corporations, business associations, organizations and other statutory establishments and authorities.
3. The term "returns" shall mean amounts yielded by an investment, irrespective of the form in which they are paid, and in particular, though not exclusively, include profits, interest, capital gains, dividends or other fees.
4. The term "territory" means:
- a) in respect of the State of Kuwait: any area beyond the territorial sea which in accordance with international law has been or may hereafter be designated under the laws of the State of Kuwait, as an area over which the State of Kuwait may exercise sovereign rights or jurisdiction.
  - b) in respect of the Republic of Macedonia: the land territory, water and airspace, over which the Republic of Macedonia exercises, in accordance with international law, sovereign rights and jurisdiction of such areas.
5. The term "freely convertible currency" shall mean any currency that the International Monetary Fund determines, from time to time, as freely usable currency in accordance with the Articles of Agreement of the International Monetary Fund and any amendment thereto.
6. The term "without delay" shall mean such period as is normally required for the completion of necessary formalities for the transfer of payments. The said period shall commence on the day on which the request for transfer has been submitted and may on no account exceed two months.

## Article 2

### Admittance and Encouragement of Investments

1. Each Contracting State shall in its territory and in accordance with its applicable laws and regulations admit and encourage investments by the investors of the other Contracting State.
2. Each Contracting State shall, in respect of investments admitted in its territory, grant such investments all necessary permits, consents, approvals, licenses and authorizations to such an extent and on such terms and conditions as may be determined by its laws and regulations.
3. The Contracting States may consult with each other in any manner they may deem appropriate to encourage and facilitate investment opportunities within their respective territories.
4. Each Contracting State shall, subject to its laws and regulations relating to the entry, stay and work of natural persons, examine in good faith and give due consideration, regardless of nationality or citizenship to requests of key personnel including top managerial and technical persons who are employed for the purposes of investments in its territory, to enter, remain temporary and work in its territory. Immediate family members of such key personnel shall also be granted similar treatment with regard to the entry and temporary stay in the host Contracting State.

### Article 3

#### Protection of Investments

1. Investments by investors of either Contracting State shall at all times enjoy fair and equitable treatment and full protection and security in the territory of the other Contracting State in a manner consistent with its laws and regulations and the provisions of this Agreement. Neither Contracting State shall in any way impair by arbitrary or discriminatory measures the use, management, conduct, operation, expansion or sale or other disposition of investments, by investors of the other Contracting State in favor of investments by its own investors or by investors of third states.
2. Each Contracting State shall promptly publish, or otherwise make publicly available, its laws, regulations, procedures, directives and guidelines of public application as well as international agreements which pertain to or may affect the operation of the provisions of this Agreement or investments in its territory of investors of the other Contracting State.
3. Each Contracting State shall provide effective means of asserting claims and enforcing rights with respect to investments. Each contracting state shall ensure to investors of the other Contracting State, the right of access to its courts of justice, administrative tribunals and agencies, and all other bodies exercising adjudicatory authority, and the right to mandate persons of their choice, who qualify under applicable laws and regulations for the purpose of the assertion of claims and the enforcement of rights with respect to their investments.
4. Furthermore, investments shall not be subjected in the host Contracting State to performance requirements which may be detrimental to their viability or adversely affect their use, management, conduct, operation, expansion, sale or other disposition.

## Article 4

### Treatment of Investments

1. With respect to the use, management, conduct, operation, expansion and sale or other disposition of investments made in its territory by investors of the other Contracting State, each Contracting State shall accord treatment no less favorable than that it accords, in like situations, to investments of its own investors or investors of any third state, whichever is more favorable to those investments.

2. However, the provisions of this Article shall not be construed so as to oblige one Contracting State to extend to the investors of the other Contracting State the benefit of any treatment, preference or privilege resulting from:

(a) any customs union, economic union, free trade area, monetary union, or other form of regional economic arrangement or other similar international agreement, to which either of the Contracting States is or may become a party;

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

## Article 5

### Compensation for Losses

1. Except where Article 6 applies, when investments made by an investor of either Contracting State suffers a loss owing to war or other armed conflict, a state of national emergency, revolt, civil disturbances, insurrection, riot or other similar events in the territory of the other Contracting State, he shall be accorded by the latter Contracting State, treatment, as regards restitution, indemnification, compensation or other settlement, not less favorable than that the latter Contracting State accords to its own investor or investor of any third state, whichever is more favorable to the investor.

2. Without prejudice to paragraph 1, investor of the one Contracting State who in any of the events referred to in that paragraph suffers a loss in the territory of the other Contracting State resulting from:

a) requisitioning of its investments or part thereof by its forces or authorities;

b) destruction of its investments 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 restitution or compensation which in either case shall be prompt, adequate and effective.

## Article 6

### Expropriation

1. (a) Investments made by investors of one Contracting State in the territory of the other Contracting State shall not be nationalized, expropriated, dispossessed or subjected to direct or indirect measures having effect equivalent to nationalization, expropriation, confiscation, sequestration or dispossession (hereinafter collectively referred to as "expropriation") by the other Contracting State except for a public interest of that Contracting State and against prompt, adequate and effective compensation and on condition that such measures are taken on a non-discriminatory basis and in accordance with due process of law of general application.

(b) Such compensation shall amount to the market value of the expropriated investment at the time immediately before the expropriatory action was taken or the impending expropriation became publicly known, whichever is the earlier (hereinafter referred to as the "valuation date"). Such compensation shall be calculated in a freely convertible currency, on the basis of the prevailing market

rate of exchange for that currency on the valuation date and shall include interest at a commercial rate established on a market basis, however, in no event less than the prevailing LIBOR – rate of interest, from the date of expropriation until the date of payment.

c) Where the above-mentioned fair market value cannot be readily ascertained, the compensation shall be determined on equitable principles taking into account all relevant factors and circumstances, such as the capital invested, the nature and duration of the investment, replacement value, appreciation, current returns, discounted cash flow value, book value and goodwill. The amount of compensation finally determined shall be promptly paid to the investor.

2. In light of the principles set out in paragraph 1 and without prejudice to the rights of the investor under article 9 of this Agreement, the investor affected shall have the right to prompt review by a judicial or other competent and independent authority of the Contracting State which made the expropriation, of its case, including the valuation of its investments and the payment of compensation therefore.
3. For the Purpose of this Agreement, the term "expropriation" shall also include interventions or regulatory measures by a Contracting State that have a de facto expropriatory effect, in that their effect results in depriving the investor in fact from his ownership, control or substantial benefits over his investments or which may result in loss or damage to the economic value of the investment, such as freezing or blocking of the investment, levying of arbitrary or excessive taxes on the investment, compulsory sale of all or part of the investment, or other comparable measures.

## Article 7

### Transfer of Payments Related to Investments

1. Each Contracting State shall guarantee to investors of the other Contracting state the free transfer of payments in connection with an investment into and out of its territory, including the transfer of:



- a) the initial capital and any additional capital for the maintenance, management and development of the investment;
  - b) returns;
  - c) payments under a contract, including amortization of principal and accrued interest payments made pursuant to a loan agreement;
  - d) royalties and fees for the rights referred to in Article 1 paragraph 1 (c)
  - e) proceeds from the sale or liquidation of the whole or any part of the investment;
  - f) earnings and other remuneration of personnel engaged from abroad in connection with the investment;
  - g) payments of compensation pursuant to Articles 5 and 6;
  - h) payments referred to in Article 8;
  - i) payments arising out of the settlement of disputes.
2. Transfers of payments under paragraph 1 shall be effected without delay or restrictions and, except in the case of payments in kind, in a freely convertible currency. In case of such delay in effecting the required transfers, the investor affected shall be entitled to receive interest for the period of such delay.
3. Transfers shall be made at the spot market rate of exchange prevailing in the host Contracting State on the date of transfer for the currency to be transferred. In the absence of a market for foreign exchange, the rate to be applied will be the most recent rate applied to inward investments or the exchange rate determined in accordance with the regulations of the International Monetary Fund or the exchange rate for conversion of currencies into Special Drawing Rights or United States Dollars, whichever is the most favorable to the investor.

## Article 8

### Subrogation

1. If a Contracting State or its designated agency (the "Indemnifying Party"), 40

makes a payment under an indemnity or guarantee it has assumed in respect of an investment in the territory of the other Contracting State (the "Host State"), the host state shall recognize:

- a) the assignment to the Indemnifying Party by law or by legal transaction of all the rights and claims resulting from such an investment;
- b) the right of the Indemnifying Party to exercise all such rights and enforce such claims and to assume all obligations related to the investment by virtue of subrogation.

2. The Indemnifying Party shall be entitled in all circumstances to the same treatment in respect of:

- a) the rights and claims acquired and the obligations assumed by virtue of the assignment referred to in paragraph 1 above;
- b) any payments received in pursuance of those rights and claims,

as the original investor was entitled to receive by virtue of this Agreement in respect of the investment concerned.

## Article 9

### **Settlement of Disputes Between a Contracting State and an Investor**

1. Disputes arising between a Contracting State and an investor of the other Contracting State in respect of an investment of the latter in the territory of the former shall, as far as possible, be settled amicably.
2. If such disputes cannot be settled within a period of six months from the date at which either party to the dispute requested amicable settlement by delivering a notice in writing to the other party, the dispute shall be submitted for resolution, at the election of the investor party to the dispute, through one of the following means;

- a) in accordance with any applicable, previously agreed dispute-settlement procedures;
  - b) to international arbitration in accordance with the following paragraph of this Article.
3. In the event that an investor elects to submit the dispute for resolution to international arbitration, the investor shall further provide its consent in writing for the dispute to be submitted to one of the following bodies:
- a) (1) The International Centre for Settlement of Investment Disputes ("the Centre"), established pursuant to the Convention on the Settlement of Investment disputes between States and Nationals of other States opened for signature at Washington, 18 March 1965 (the "Washington Convention"), if both Contracting States are parties to the Washington Convention and the Washington Convention is applicable to the disputes;
  - (2) The Centre, under the rules governing the Additional Facility for the Administration of Proceedings by the Secretariat of the Centre (the "Additional Facility Rules"), if the Contracting State of the investor or the Contracting State to the dispute, but not both, is a party to the Washington Convention;
  - b) an arbitral tribunal established under the arbitration Rules (the "Rules") of the United Nations Commission on International Trade Law (UNCITRAL), as those Rules may be modified by the parties to the dispute (the Appointing Authority referred to under Article 7 of the Rules shall be the Secretary General of the Centre);
  - c) an arbitral tribunal constituted pursuant to the arbitration rules of any arbitral institution mutually agreed upon between the parties to the dispute.

4. Notwithstanding the fact that the investor may have submitted a dispute to binding arbitration under paragraph 3, it may, prior to the institution of the arbitral proceeding or during the proceeding, seek before the judicial or administrative tribunals of the Contracting State that is a party to the dispute, interim injunctive relief for the preservation of its rights and interests, provided it does not include request for payment of any damages.
5. Each Contracting State hereby gives its unconditional consent to the submission of an investment dispute for settlement by binding arbitration in accordance with the choice of the investor under paragraph 3(a) and (b) or the mutual agreement of both parties to the dispute under paragraph 3(c).
6. (a) The consent given in paragraph 5, together with the consent given under paragraph 3, shall satisfy the requirement for written agreement of the parties to a dispute for the purposes of each of, Chapter II of the Washington Convention, the Additional Facility Rules, Article II of the United Nations Conventions on the Recognition and Enforcement of Foreign Arbitral Awards, done at New York, June 10, 1958 (the "New York Convention"), and Article 1 of the INCITRAL Arbitration Rules.  
(b) Any arbitration under this Article, as may be mutually agreed by the parties to the dispute, must be held in a state that is a party to the New York Convention. Claims submitted to arbitration hereunder shall be considered to arise out of a commercial relationship or transaction for the purpose of Article 1 of the New York Convention.  
(c) Neither Contracting State shall give diplomatic protection or bring an international claim, in respect of any dispute referred to arbitration unless the other Contracting State shall have failed to abide by and comply with the award rendered in such dispute. However, diplomatic protection for the purpose of this sub-paragraph shall not include informal diplomatic exchanges for the sole purpose of facilitating a settlement of the dispute.
7. An arbitral tribunal established under this Article shall decide the issues in dispute in accordance with such rules of law as may be agreed by the parties to the dispute. In the absence of such agreement, it shall apply the law of the Contracting State party to the dispute, including its rules on conflict of laws,

and such recognized rules of international law as may be applicable, taking into consideration also the relevant provisions of this Agreement.

8. For the purpose of Article 25(2)(b) of the Washington Convention, an investor, other than a natural person, which has the nationality of a Contracting State party to the dispute on the date of the consent in writing referred to in paragraph (6) and which, before a dispute between it and that Contracting State arises, is controlled by investors of the other Contracting State, shall be treated as a "national of another Contracting State" and for the purpose of Article 1(6) of the Additional Facility Rules shall be treated as a "national of another State".
9. The awards of arbitration, which may include an award of interest, shall be final and binding on the parties to the disputes. Each Contracting State shall carry out promptly any such award and shall make provision for the effective enforcement in its territory of such awards.

## Article 10

### **Settlement of Disputes Between the Contracting States**

1. The Contracting States shall, as far as possible, settle any dispute concerning the interpretation or application of this Agreement through consultation or other diplomatic channels.
2. If the dispute has not been settled within six months following the date on which such consultation or other diplomatic channels were requested by either Contracting State and unless the Contracting State otherwise agree in writing, either Contracting State may, by written notice to the other Contracting State, submit the dispute to an *ad hoc* arbitral tribunal in accordance with the following provisions of this Article.
3. The arbitral tribunal shall be constituted as follows: each Contracting State shall appoint one member, and these two members shall agree upon a national of a third state as Chairman of the arbitral tribunal to be appointed by the two Contracting States. Such members shall be appointed within two months, and such Chairman within four months, from the date on which

either Contracting State has informed the other Contracting State that it intends to submit the dispute to an arbitral tribunal.

4. If the periods specified in paragraph 3 above have not been complied with, either Contracting State may, in the absence of any other 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 Contracting State or if he is otherwise prevented from discharging the said function, the Vice-President of the International Court of Justice shall be invited to make the necessary appointments. If the Vice-President of the International Court of Justice is a national of either Contracting State or if he, too, 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 State shall be invited to make the necessary appointments.
5. The arbitral tribunal shall take its decision by a majority of votes. Such decision shall be made in accordance with this Agreement and such recognized rules of international law as may be applicable and shall be final and binding on both Contracting States. Each Contracting State shall bear the costs of the member of the arbitral tribunal appointed by that Contracting State, as well as the costs for its representation in the arbitration proceedings. The expenses of the Chairman as well as any other costs of the arbitration proceedings shall be borne in equal parts by the two Contracting States. However, the arbitral tribunal may, at its discretion, direct that a higher proportion or all of such costs be paid by one of the Contracting States. In all other respects, the arbitral tribunal shall determine its own procedure.

## Article 11

### Relations Between the Contracting States

The provisions of this Agreement shall apply irrespective of the existence of diplomatic or consular relations between the Contracting States.

## Article 12

### Application of Other Rules

If the legislation of either Contracting State or obligations under international law existing at present or established hereafter between the Contracting State, in addition to this Agreement, contain rules, whether general or specific, entitling investments by investors of the other Contracting State to a treatment more favorable than is provided for by this Agreement, such rules shall to the extent that they are more favorable to the investor prevail over this Agreement.

## Article 13

### Scope of the Agreement

This agreement shall apply to all investments, whether existing at or made after the date of its entry into force by investors of either Contracting State in the territory of the other Contracting State.

## Article 14

### Entry into Force

Each Contracting State shall notify the other in writing when its constitutional requirements for the entry into force of this Agreement have been fulfilled, and the Agreement shall enter into force at the date of receipt of the later notification.

## Article 15

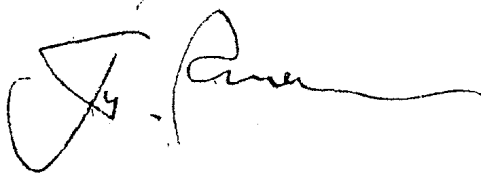
### Duration and Termination

1. This Agreement shall remain in force for a period of twenty (20) years and shall continue in force thereafter for similar periods or periods unless, at least one year before the expiry of the initial or any subsequent period, either Contracting State notifies the other Contracting State in writing of its intention to terminate this Agreement.
2. In respect of investments made prior to the date when the notice of termination of this Agreement becomes effective, the provisions of this Agreement shall continue to be effective for a period of twenty (20) years from the date of termination of this Agreement.

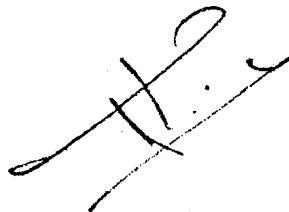
In witness whereof, the respective plenipotentiaries of both Contracting States have signed this Agreement.

Done at Skopje on this ..... day of 1429H corresponding to 08.. day of 04, 2008 in two originals in the Macedonian, Arabic and English languages, all texts being equally authentic. In case of divergency, the English text shall prevail.

**For the Republic of Macedonia**  
Trajko Slaveski  
Minister of Finance



**For the State of Kuwait**  
Abdullah Al.Duwaikh  
Ambassador  
Embassy of the State of Kuwait in Turkey





**Член 3**

Министерството за финансии се определува како надлежен орган на државната управа што ќе се грижи за извршување на овој договор.

**Член 4**

Овој закон влегува во сила осмиот ден од денот на објавувањето во „Службен весник на Република Македонија“.