A G R E E M E N T

ON

THE PROMOTION AND PROTECTION OF INVESTMENTS

BETWEEN

BOSNIA AND HERZEGOVINA

AND

THE GOVERNMENT OF THE REPUBLIC OF FINLAND

Bosnia and Herzegovina and the Government of the Republic of Finland, hereinafter referred to as the “Contracting Parties”,

Desiring to extend and intensify the economic co-operation between the two States on the basis of equality and mutual benefit;

Intending to create and maintain favourable conditions for greater investment by investors of one Contracting Party in the territory of the other Contracting Party;

Recognising that the promotion and reciprocal protection of such investments under this Agreement will be conducive to the stimulation of business initiative and will increase economic prosperity of both States;

Recognising that the development of economic and business ties can promote respect for internationally recognised labour rights;

Agreeing that these objectives can be achieved without relaxing health, safety and environmental measures of general application;

Have agreed as follows:

Article 1
Definitions

For the purposes of this Agreement:

1. The term "investment" means every kind of asset established or acquired 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 Contracting Party including, in particular, though not exclusively:

a) movable and immovable property as well as any other property rights such as mortgages and liens, pledges, leases, usufruct or other securities;

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

c) claims to money or rights to any performance having an economic value;

d) intellectual property rights such as patents, copyrights, trademarks and neighbouring rights, industrial designs, business names and geographical indications as well as technical processes, good-will and know-how;

e) business concessions conferred by law, by an administrative act or under contract, including concessions to search for, cultivate, extract and exploit natural resources.

Investments made in the territory of one Contracting Party by any legal entity of that same Contracting Party but actually owned or controlled by investors of the other Contracting Party shall likewise be considered as investments of investors of the latter Contracting Party if they have been made in accordance with the laws and regulations of the former Contracting Party.

Any subsequent change in the form in which assets are invested or reinvested shall not affect their character as investments provided that such change is in accordance with the laws and regulations of the Contracting Party in whose territory the investment has been made.

2. The term “investor” means for either Contracting Party, the following subjects who invest in the territory of the other Contracting Party in accordance with the laws of the latter Contracting Party and provisions of this Agreement:

a) In respect of Bosnia and Herzegovina:

(i) physical persons deriving their status as Bosnia and Herzegovina citizens from the law in force in Bosnia and Herzegovina if they have permanent residence or main place of business in Bosnia and Herzegovina;

(ii) legal persons established in accordance with the laws in force in Bosnia and Herzegovina, which have their registered seat, central management or main place of business in the territory of Bosnia and Herzegovina, whether or not for profit and whether its liabilities are limited or not.

b) In respect of Finland:

(i) any natural person who is a national of Finland in accordance with its laws;

(ii) any legal entity such as company, corporation, firm, partnership, business association, institution or organisation, incorporated or constituted in accordance with the laws and regulations of Finland and having its seat within the jurisdiction of Finland, whether or not for profit and whether its liabilities are limited or not.

3. The term “returns” means an amount yielded by an investment in a certain period of time and in particular, though not exclusively, includes royalties or licence fees, profits, interest, dividends, capital gains, fees and other compensations.

Reinvested returns shall enjoy the same treatment as the original investment.

4. The term "territory" means:

a) with respect to Bosnia and Herzegovina: all land territory of Bosnia and Herzegovina, its territorial sea, whole bed and subsoil and air space above, including any maritime area situated beyond the territorial sea of Bosnia and Herzegovina which has been or might in the future be designated under the law of Bosnia and Herzegovina in accordance with international law as an area within which Bosnia and Herzegovina may exercise rights with regard to the seabed and subsoil and the natural resources.

b) with respect to Finland: the land territory, internal waters and territorial sea of Finland and the airspace above it, as well as the maritime zones beyond the territorial sea, including the seabed and subsoil, over which Finland exercises sovereign rights or jurisdiction in accordance with its national laws in force and international law, for the purpose of exploration and exploitation of the natural recourses of such areas.

Article 2
Promotion and Protection of Investments

1. Either Contracting Party shall encourage and create favourable, stable and transparent conditions for investors of the other Contracting Party to make investments in its territory and, within the framework of its laws and regulations, shall admit such investments.

2. Investments and returns 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 acquisition, expansion, operation, management, maintenance, use, enjoyment and sale or other disposal of investments in its territory of investors of the other Contracting Party.

Article 3
National Treatment and Most-favoured-nation Treatment

1. Each Contracting Party shall in its territory accord to investments and returns of investments of investors of the other Contracting Party treatment which in any case shall not be less favourable 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 favourable to the investors of the other Contracting Party.

2. Neither Contracting Party shall in its territory subject investors of the other Contracting Party, as regards their expansion, management, maintenance, use, enjoyment or disposal of their investments, to treatment less favourable than that which it accords to its own investors or to investors of any third State, whichever is more favourable to the investors of the other Contracting Party.

3. Neither Contracting Party shall in its territory impose mandatory measures on investments by investors of the other Contracting Party concerning purchase of materials, means of production, operation, transport, marketing of its products or similar orders having unreasonable or discriminatory effects.

Article 4
Exceptions

The provisions of this Agreement shall not be construed so as to oblige one Contracting Party to extend to the investors or investments by investors of the other Contracting Party the benefit of any treatment, preference or privilege by virtue of:

a) any existing or future free trade area, customs union, common market, economic and monetary union or other similar economic integration agreement including regional labour market agreements to which one of the Contracting Parties is or may become a party, or

b) any international agreement for the avoidance of double taxation or other international agreement relating to taxation, or

c) any multilateral agreement relating wholly or mainly to investments.

Article 5
Nationalisation and Expropriation

1. Investments by investors of a Contracting Party in the territory of the other Contracting Party shall not be expropriated, nationalised or subjected to any other measures, direct or indirect, having an effect equivalent to expropriation or nationalisation (hereinafter referred to as "expropriation") except for a purpose which is in the public interest, on a non-discriminatory basis, in accordance with due process of law and against prompt, adequate and effective compensation.

2. Such compensation shall amount to the value of the expropriated investment at the time immediately before the expropriation or before the impending expropriation became public knowledge, whichever is the earlier. The value shall be determined in accordance with the generally accepted principles of valuation taking into account, inter alia, the capital invested, replacement value, appreciation, current returns, the projected flow of future returns, goodwill and other relevant factors.

3. Compensation shall be fully realisable and shall be paid without delay. It shall include

interest at a commercial rate established on a market basis for the currency of payment from the date of dispossession of the expropriated property until the date of actual payment.

4. The investor whose investments are expropriated, shall have the right to prompt review by a judicial or other competent authority of that Contracting Party of its case and of valuation of its investments in accordance with the principles set out in this Article.

Article 6
Compensation for Losses

1. Investors of one Contracting Party whose investments in the territory of the other Contracting Party suffer losses owing to war or other armed conflict, a state of national emergency, revolt, insurrection or riot 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 investors of the most favoured nation, whichever is more favourable to the investors of the other Contracting Party.

2. Without prejudice to paragraph 1 of this Article, investors of one Contracting Party who, in any of the situations referred to in that paragraph, suffer losses in the territory of the other Contracting Party resulting from:

a) requisitioning of its investment or a part thereof by the latter's armed forces or authorities, or

b) destruction of its investment or a part thereof by the latter's armed forces or authorities, which was not caused in combat action or was not required by the necessity of the situation,

shall be accorded by the latter Contracting Party restitution or compensation which in either case shall be prompt, adequate and effective and, with respect to any resulting compensation, shall be fully realisable, shall be paid without delay and shall include interest at a commercial rate established on a market basis for the currency of payment from the date of requisitioning or destruction until the date of actual payment.

3. Investors whose investments suffer losses in accordance with paragraph 2 of this Article, shall have the right to prompt review by a juridical or other competent authority of that Contracting Party of its case and of valuation of its investments in accordance with the principles set out in paragraph 2 of this Article.

Article 7
Transfers

1. Each Contracting Party shall ensure to investors of the other Contracting Party the free transfer, into and out of its territory, of their investments. Transfer payments related to investments shall include in particular, though not exclusively:

a) the principal and additional amounts to maintain, develop or increase the investment;

b) returns;

c) proceeds obtained from the total or partial sale or disposal of an investment, including the sale of shares;

d) the amounts required for payment of expenses which arise from the operation of the investment, such as loans repayments, payments of royalties, management fees, licence fees or other similar expenses;

e) compensation payable pursuant to Articles 5 and 6;

f) payments arising out of the settlement of a dispute;

g) earnings and other remuneration of personnel engaged from abroad working in connection with an investment.

2. Each Contracting Party shall further ensure, that transfers referred to in paragraph 1 of this Article shall be made without any restriction or delay in a freely convertible currency and at the prevailing market rate of exchange applicable on the date of transfer to the currency to be transferred.

3. In the absence of a market for foreign exchange, the rate to be used shall be the most recent exchange rate for the conversions of currencies into Special Drawing Rights.

Article 8
Subrogation

If a Contracting Party or its designated agency makes a payment under an indemnity, guarantee or contract of insurance against non-commercial risks given in respect of an investment of an investor in the territory of the other Contracting Party, the latter Contracting Party shall recognise the assignment of any right or claim of such investor to the former Contracting Party or its designated agency and the right of the former Contracting Party or its designated agency to exercise by virtue of subrogation any such right and claim to the same extent as its predecessor in title.

Article 9
Settlement of Disputes between an Investor and a Contracting Party

1. Any dispute which may arise between one Contracting Party and an investor of the other Contracting Party in connection with an investment on the territory of that other Contracting Party shall be settled amicably through consultations and negotiations.

2. If a dispute can not be settled in accordance with paragraph 1 of this Article within a period of a three months from the date on which either party to the dispute requested amicable settlement, the investor concerned may submit the dispute either to:

a) the competent court or administrative tribunal of the Contracting Party in the territory of

which the investment has been made; or

b) to an ad hoc arbitration tribunal, which unless otherwise agreed upon by the parties to the dispute, is to be established under the Arbitration Rules of the United Nations Commission on International Trade Law (UNCITRAL); or

c) The International Centre for Settlement of Investment Disputes (hereinafter referred to as "the Centre") through a conciliation commission or arbitral tribunal constituted under the Convention on the Settlement of Investment Disputes between States and Nationals of other States opened for signature in Washington on 18 March 1965 (hereinafter referred to as "the Convention").

3. An investor who has submitted the dispute in accordance with paragraph 2 a) of this Article may nevertheless have recourse to one of the arbitral tribunals mentioned in paragraph 2 b) and c) of this Article if, before judgement has been delivered on the subject matter by a national court, the investor declares not to pursue the case any longer through national proceedings and withdraws the case.

4. Neither Contracting Party shall pursue through the diplomatic channels any dispute referred to the Centre unless:

a) the Secretary-General of the Centre, or a conciliation commission or an arbitral tribunal constituted under the Convention, decides that the dispute is not within the jurisdiction of the Centre; or

b) the other Contracting Party should fail to abide by or to comply with any award rendered by an arbitral tribunal.

5. The arbitration award shall be based on:

- the provisions of this Agreement;

- the laws of the Contracting Party in whose territory the investment has been made including the rules relative to conflicts of law; and

- the rules and universally accepted principles of international law.

6. The arbitration award shall be final and binding on both parties to the dispute and shall be executed according to the law of the Contracting Party concerned.

7. During the arbitral or execution proceedings Contracting Party shall not assert as a defence, objection, counterclaim, right of set-off or for any other reason, that indemnification or other compensation for all or part of the alleged damages has been received or will be received by investor who is contending party, pursuant to an insurance or guarantee contract against non-commercial risks.

Article 10
Consultations

Upon the request by either Contracting Party, the other Contracting Party shall, without undue delay, begin consultations concerning interpretation and application of this Agreement. Such consultations shall be held between the competent authorities of the Contracting Parties at a place and at a time agreed upon through appropriate channels.

Article 11
Settlement of Disputes between Contracting Parties

1. Disputes between the Contracting Parties concerning the interpretation or application of this Agreement should, if possible, be settled by consultations and negotiations through diplomatic channels.

2. If a dispute between the Contracting Parties cannot be settled in accordance with paragraph 1 of this Article within six months from the date of request for settlement, the dispute shall upon the request of either Contracting Party be submitted to an arbitral tribunal of three members.

3. Such arbitral tribunal shall be constituted for each individual case in the following way. Within two months from the date of receipt of the request for arbitration, each Contracting Party shall appoint one member of the tribunal. Those two members shall then select a national of a third State who on approval by the two Contracting Parties shall be appointed Chairman of the tribunal. The Chairman shall be appointed within two months from the date of appointment of the other two members.

4. If within the periods specified in paragraph 3 of this Article the necessary appointments have not been made, either Contracting Party may invite the President of the International Court of Justice to make any necessary appointments. If the President is 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 necessary appointments. If the Vice-President is a national of either Contracting Party 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 Party shall be invited to make the necessary appointments.

5. The tribunal shall determine its own procedure.

6. The arbitral tribunal shall reach its decision by a majority of votes. Such decision shall be final and binding on both Contracting Parties.

7. Each Contracting Party shall bear the costs of its own member of the tribunal and of its representation in the arbitral proceedings; the costs of the Chairman and the remaining costs shall be borne in equal parts by the Contracting Parties. The tribunal may, however, in its decision direct that a higher proportion of costs shall be borne by one of the two Contracting Parties, and this decision shall be binding on both Contracting Parties.

8. A dispute shall not be submitted to an international arbitral tribunal under the provisions of this Article, if the same dispute has been brought before another international arbitration court

or tribunal under the provisions of Article 9 and is still pending before the court or tribunal. This will not impair the possibility of dispute settlement in accordance with paragraph 1 of this Article.

9. Issues subject to dispute referred to in paragraph 1 of this Article shall be decided in accordance with the provisions of this Agreement and the generally recognised principles of international law.

Article 12
Permits

1. Each Contracting Party shall, subject to its laws and regulations, treat favourably the applications relating to investments and grant expeditiously the necessary permits required in its territory in connection with investments by investors of the other Contracting Party.

2. Each Contracting Party shall, subject to its laws and regulations, grant temporary entry and stay and provide any necessary confirming documentation to natural persons who are employed from abroad as executives, managers, specialists or technical personnel in connection with an investment by an investor of the other Contracting Party, and who are essential to the enterprise as long as these persons continue to meet the requirements of this paragraph, as well as grant temporary entry and stay to members of their families (spouse and minor children) for the same period as the persons employed.

Article 13
Application of other Rules

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

2. Each Contracting Party shall observe any other obligation it may have with regard to a specific investment of an investor of the other Contracting Party.

Article 14
Application of the 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 Party on the date this Agreement came into force. However, the provisions of this Agreement shall not apply to claims arising out of events which occurred, or to claims, which had been settled prior to its entry into force.

Article 15
General exceptions

1. Nothing in this Agreement shall be construed as preventing a Contracting Party from taking any action necessary for the protection of its essential security interests in time of war or armed conflict, or other emergency in international relations.

2. Provided that such measures are not applied in a manner which would constitute a means of arbitrary or unjustifiable discrimination by a Contracting Party, or a disguised investment restriction, nothing in this Agreement shall be construed as preventing the Contracting Parties from taking any measure necessary for the maintenance of public order.

3. The provisions of this Article shall not apply to Articles 5 and 6 of this Agreement.

4. The provisions of this Article shall be applied in accordance with the Most-Favoured-Nation and National Treatment Clauses of WTO rules.

Article 16
Transparency

1. Each Contracting Party shall promptly publish, or otherwise make publicly available, its laws, regulations, procedures and administrative rulings and judicial decisions of general application as well as international agreements which may affect the investments of investors of one Contracting Party in the territory of the other Contracting Party.

2. Nothing in this Agreement shall require a Contracting Party to furnish or allow access to any confidential or proprietary information, including information concerning particular investors or investments, the disclosure of which would be contrary to its laws protecting confidentiality or prejudice legitimate commercial interests of particular investors.

Article 17
Entry into Force, Duration and Termination

1. Each Contracting Party shall notify the other in writing of the completion of the internal legal formalities required in its territory for the entry into force of this Agreement. This Agreement shall enter into force thirty days after the date of the receipt of the last notification. Ratification documents shall be exchanged as soon as possible.

2. This Agreement shall remain in force for a period of twenty (20) years after the date of its entry into force and shall continue in force unless terminated in accordance with paragraph 3 of this Article.

3. Either Contracting Party may, by giving one year in advance written notice to the other Contracting Party, terminate this Agreement at the end of the initial twenty (20) year period or at any time thereafter.

4. With respect to investments made or acquired prior to the date of termination of this Agreement, the provisions of all other Articles of this Agreement shall continue to be

effective for a further period of twenty (20) years from such date of termination.

5. This Agreement may be amended by written agreement between the Contracting Parties. Any amendment shall enter into force under the same procedure required for entering into force of the present Agreement.

IN WITNESS WHEREOF the undersigned representatives, duly authorised thereto, have signed this Agreement.

DONE in duplicate at Helsinki this 1st day of November 2000 in Finnish, Bosnian/Croatian/Serbian and English languages, all texts being equally authentic. In case of divergence, the English text shall prevail.

For Bosnia and Herzegovina	For the Government of the Republic of Finland
Dr. **Jadranko Prlić**	**Kimmo Sasi**