

AGREEMENT
BETWEEN
THE FEDERAL EXECUTIVE COUNCIL
OF THE SOCIALIST FEDERAL REPUBLIC OF YUGOSLAVIA
AND
THE GOVERNMENT OF CANADA
ON THE PROTECTION OF INVESTMENTS

The Federal Executive Council of the Socialist Federal Republic of Yugoslavia and the Government of Canada,

Taking into account the Trade Agreement between the Government of the Socialist Federal Republic of Yugoslavia and the Government of Canada which was signed on October 24, 1973,

Desiring to encourage the economic cooperation through the protection of investments against non-commercial risks,

Have agreed as follows:

Article 1

For the purposes of this Agreement:

- a. the term “insured investments” refers only to those investments made by nationals of Canada in the territory of the Socialist Federal Republic of Yugoslavia in accordance with the laws and regulations of the Socialist Federal Republic of Yugoslavia and insured against non-commercial risks by a policy of insurance issued by Canada’s Export Development Corporation (EDC);
- b. the term “nationals” means:
 - I) physical persons holding Canadian citizenship in accordance with Canadian laws;
 - II) legal entities constituted in accordance with Canadian laws;
- c. the term “Insuring Agency” means the Canadian Export Development Corporation;

- d. the term “investor” means a person who has insured investments in the Socialist Federal Republic of Yugoslavia;
- e. the term “non-commercial risk” means a damage to insured investments compensated by the Canadian Export Development Corporation, caused by:
 - I) war, armed conflict or other political event,
 - II) nationalization, expropriation, or other measures of the Federal Executive Council or other state authority in the Socialist Federal Republic of Yugoslavia that may be equalized to nationalization or expropriation,
 - III) actions by the Federal Executive Council or an authority thereof, in the Socialist Federal Republic of Yugoslavia, that prohibits or restricts transfer of resources or the removal of property from the Socialist Federal Republic of Yugoslavia, if such actions are not in accordance with regulations in effect on the date of the conclusion of a contract on investments of funds of Canadian nationals in organizations of associated labour in the Socialist Federal Republic of Yugoslavia.

Article 2

In the case that the Insuring Agency compensates the investor for the damage suffered on their insured investments in the territory of the Socialist Federal Republic of Yugoslavia, it shall subrogate into all rights and obligations of the insured investor.

Article 3

The Insuring Agency may have no greater rights than those that have been transferred by the investor, under the laws of the Socialist Federal Republic of Yugoslavia with respect to Article 2 of this Agreement. In order to protect their rights, the Federal Executive Council of the Socialist Federal Republic of Yugoslavia and the Government of Canada may resort to other measures in accordance with the principles of justice.

Article 4

Any dispute between the Federal Executive Council of the Socialist Federal Republic of Yugoslavia and the Government of Canada concerning the interpretation or application of this Agreement or any claim against either of the two Governments arising out of investments insured by the Insuring Agency in accordance with this Agreement, which in the opinion of one of the Governments presents a question of public international law, shall be settled, in so far as possible, through negotiations between the Governments. If such dispute or claim cannot be resolved within a period of three months following the request for such negotiations, it shall be submitted for settlement, at the request of either Government, to an ad hoc arbitral tribunal composed of three members. Each Government shall appoint one arbitrator and the two arbitrators thus appointed shall together appoint a

third arbitrator as their chairman. The Chairman shall not be a national of either Country, Contracting Party.

If one of the Governments fails to appoint its arbitrator within two months after an invitation from the other Government to make such appointment, the latter Government may invite the President of the International Court of Justice to make the necessary appointment.

If the two arbitrators are unable to reach agreement, in the two months following their appointment, on the choice of the third arbitrator, either Government may invite the President of the International Court of Justice to make the necessary appointment.

If, in the cases provided for in the second and third paragraphs of this Article, the President of the International Court of Justice is prevented from discharging the said function or is a national of either country, the Vice-President shall make the necessary appointments. If the Vice-President is prevented from discharging the said function or is a national of either country, the next most senior member of the International Court of Justice who is not a national of either country shall make the necessary appointments.

The arbitral tribunal shall reach its decision by a majority of votes and the decision so reached shall be final and binding on both Governments.

Each of the Governments shall pay the expenses of its member and its representation in the proceedings before the arbitral tribunal. Expenses of the chairman and other costs shall be paid in equal parts by the two Governments.

The arbitral tribunal may adopt other regulations concerning costs.

In all other matters the arbitral tribunal shall determine its own procedure.

Article 5

This Agreement shall enter into force on the date of an exchange of diplomatic notes by which the Contracting Parties inform each other that the Agreement had been approved in conformity with the procedures constitutionally required therefore by each of the Contracting Parties.

Each Contracting Party shall have the right to terminate this Agreement by giving written notice to the other Party six months in advance.

In the case of termination of this Agreement, its provisions shall continue to be effective in respect of insured investments made during the period of validity of this Agreement, but not longer than for a period of fifteen years after the termination of this Agreement.

If either Government considers it desirable to amend this Agreement, this procedure may be carried out through a request for consultations and/or by correspondence and shall begin no later than 60 days from the date of the request. Amendments to this Agreement shall be made by the same procedure as it was valid for this Agreement.

DONE in Belgrade this 21 day of December, 1979 in two copies in Serbo-Croatian, English and French languages, each text being equally authentic.

For the Federal Executive Council of the
Socialist Federal Republic of Yugoslavia

Eng. **Petar Kostic** m.p.
Member of the Federal Executive Council
of the Socialist Federal Republic of
Yugoslavia and Federal Secretary for Finance

For the Government of Canada

James G. Harris m.p.
Ambassador