

**AGREEMENT ON RECIPROCAL PROMOTION AND PROTECTION OF
INVESTMENTS BETWEEN THE KINGDOM OF NEBULAND AND THE REPUBLIC
OF CELESTRIA**

2100 The Kingdom of Nebuland and the Republic of Celestria,
hereinafter referred to as the Contracting Parties,

Desiring to strengthen their traditional ties of friendship and to extend and intensify economic relations between them by creating conditions with a view to attract and promote responsible
2105 foreign investment of the Contracting Parties in their respective territories that contribute to sustainable economic development;

Recognizing that fostering an open and transparent policy environment and protecting investments of investors of one Contracting Party in the territory of the other Contracting Party are conducive
2110 to the stimulation of mutually beneficial economic activity and intensification of economic cooperation;

Reaffirming their commitment to sustainable development and to enhancing the contribution of international trade and investment to sustainable development;

2115 *Recognizing* the importance of equality between men and women when formulating, implementing and reviewing measures within the field of international trade and investment;

Considering that these objectives can be achieved without compromising the right of the
2120 Contracting Parties to regulate investment within their territories through measures necessary to achieve legitimate policy objectives, such as the protection of public health, safety, environment, public morals, labor rights, animal welfare, social or consumer protection or for prudential financial reasons;

2125 Have agreed as follows:

Article I Definitions

1. For the purposes of this Agreement:

(a) “investment” means every kind of asset that has the characteristics of an investment, which
2130 includes a certain duration, the commitment of capital or other resources, the expectation of gain or profit, and the assumption of risk. Forms that an investment may take include:

- i. movable and immovable property as well as any other property rights in rem in respect of every kind of asset, such as mortgages, liens and pledges;
- ii. rights derived from shares, bonds and other kinds of interests in companies and joint
2135 ventures;

- iii. claims to money, to other assets or to any contractual performance having an economic value;
 - iv. rights in the field of intellectual property, technical processes, goodwill and know-how;
 - 2140 v. rights granted under public law or under contract, including rights to prospect, explore, extract and exploit natural resources.
- (b) “investor” means with regard to either Contracting Party:
- i. any natural person having the nationality of that Contracting Party under its applicable law;
 - 2145 ii. any legal person constituted under the law of that Contracting Party whose shares in the company exceed 50 per cent; or
 - iii. any legal person that is constituted under the law of that Contracting Party and is directly or indirectly owned or controlled by a natural person as defined in (i) or by a legal person as defined in (ii).
- 2150 (c) “territory” means the territory of the Contracting Party concerned, including its territorial sea and any area beyond the territorial sea of the Party within which it exercises jurisdiction or sovereign rights in accordance with international law.
- (d) “environmental impact assessment” means the process used to predict the environmental consequences (positive or negative) of a plan, policy, program or project prior to moving
- 2155 forward with the proposed action.

2. *[intentionally omitted]*

Article II Scope of application

This Agreement shall apply to legal disputes in relation to investments that existed at the time of entry into force as well as to investments made or acquired thereafter.

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Article III Favorable conditions for investment

1. Each Contracting Party shall, within the framework of its laws and regulations and in accordance with its international obligations, promote economic cooperation and encourage the creation of favorable conditions for responsible investment in its territory that contribute to sustainable economic development.

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2. Subject to its right to exercise powers conferred by its laws and regulations, each Contracting Party shall admit foreign investments.
3. The Contracting Parties strive to strengthen the promotion and facilitation of investments that contribute to sustainable development, including but not limited through regular consultations between investment promotion and facilitation agencies and the exchange of information regarding investment opportunities.

Article V Investment and environment

1. The Contracting Parties recognize that their respective environmental laws policies and multilateral environmental agreements to which they are both party, play an important role in protecting the environment.
2. The Contracting Parties recognize that each Party retains the right to exercise discretion with respect to regulatory, compliance, investigatory, and prosecutorial matters and to make decisions regarding the allocation of resources to enforcement with respect to other environmental matters determined to have higher priorities.
3. The Contracting Parties recognize that each Party undertakes to respect and observe the social responsibility owed to the other Party.
4. Nothing in this Agreement shall be constructed to prevent a Party from adopting, maintaining, or enforcing, in a non-discriminatory manner, any measure otherwise consistent with this Agreement that it considers appropriate to ensure that investment activity in its territory is undertaken in a manner sensitive to environmental and social concerns.
5. Reaffirming Principle 15 of the Rio Declaration on Environment and Development of 1992, investors, their investment and host state authorities shall apply the precautionary principle to their environmental impact assessment and to decisions taken in relation to a proposed investment, including any necessary mitigation or alternative approaches of the precautionary principle by investors and investments shall be described in the environmental impact assessment they undertake.

Article VI Non-discriminatory treatment

1. Each Contracting Party shall accord to an investor of the other Contracting Party and to an investment of an investor of the other Contracting Party, treatment no less favorable than the

2200 treatment it accords, in like situations, to its own investors and to their investments with respect to conduct, operation, management, maintenance, use, enjoyment and sale or disposal of their investments in its territory.

2. Each Contracting Party shall accord to an investor of the other Contracting Party and/or to an investment of an investor of the other Contracting Party, treatment no less favorable than the treatment it accords in like situations, to investors of a third country and to their investments with respect to the conduct, operation, management, maintenance, use, enjoyment and sale or disposal of their investments in its territory.

2205 3. Substantive obligations in other international investment and trade agreements do not in themselves constitute “treatment”, and thus cannot give rise to a breach of paragraph 2 of this Article, absent measures adopted or maintained by a Contracting Party pursuant to those obligations. Furthermore, the “treatment” referred to in paragraph 2 of this Article does not
2210 include procedures for the resolution of investment disputes between investors and States provided for in other international investment and trade agreements.

Article VII Expropriation

1. Neither Contracting Party shall expropriate or nationalize a covered investment either directly
2215 or indirectly through measure tantamount to expropriation or nationalization, unless the following conditions are complied with:

- (a) the measure is taken for a public purpose;
- (b) the measure is taken under due process of law;
- (c) the measure is taken in a non-discriminatory manner; and
- 2220 (d) the measure is taken against prompt, adequate and effective compensation.

2. Direct expropriation occurs when an investment is nationalized or otherwise directly taken through formal transfer of title or outright seizure.

3. Indirect expropriation occurs if a measure or a series of measures of a Contracting Party has an effect tantamount to direct expropriation, in that it substantially deprives the investor of the economic value of its investment, or of the fundamental attributes of property in its investment,
2225 without formal transfer of title or outright seizure.

Article VIII Subrogation

If the investment of an investor of a Contracting Party is insured against noncommercial risks or otherwise gives rise to payment of indemnification in respect of such investment under a system established by law, regulation or government contract, any subrogation of the insurer or re-insurer or agency designated by that Contracting Party to the rights of the said investor pursuant to the terms of such insurance or under any other indemnity given shall be recognized by the other Contracting Party.

Article IX Alternative dispute resolution

1. Any dispute should, as far as possible, be settled amicably through negotiations, conciliation or mediation. A disputing party shall give favorable consideration to a request for negotiations, conciliation or mediation by the other disputing party.
2. Mutually agreed solutions shall be made publicly available. However, the version disclosed to the public may not contain any information that a disputing party has designated as confidential.

Article X Submission of a claim

1. If a request for alternative dispute resolutions has been submitted in accordance with Article IX and where the request does not result in a resolution of the claim within three months from the date of the request, the investor may submit a claim under the Convention on the Settlement of Investment Disputes between States and Nationals of Other States of 18 March 1965 (ICSID Convention).
2. The responding Contracting Party hereby consents to the submission of a claim as provided under this Article.

Article XI Constitution of the tribunal

The Tribunal shall be constituted in accordance with Article 37(2)(b) of the ICSID Convention.

Article XII Entry into force, duration and termination

1. The present Agreement shall enter into force on the date of its signature by both Contracting Parties.

2. Unless notice of termination has been given by either Contracting Party at least six months before the date of its expiry, the present Agreement shall be extended tacitly for periods of five years, whereby each Contracting Party reserves the right to terminate the Agreement upon notice of at least six months before the date of expiry of the current period of validity.

Article XIII Relationship with other treaties

This Treaty shall not alter the rights and obligations of the Contracting Parties which arise from other agreements compatible with this Treaty and which do not affect the enjoyment by the other Party of its rights or the performance of its obligations under this Treaty.

DONE in two originals on 1 February 2021, each in English

For Nebuland



Mr. Janis Solaris
Minister of Justice

For Celestria



Ms. Stella Mercury
Minister of Foreign Affairs