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SENATE

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INVESTMENT TREATY
WITH TRINIDAD AND TOBAGO

MESSAGE

FROM

THE PRESIDENT OF THE UNITED STATES

TRANSMITTING

THE TREATY BETWEEN THE UNITED STATES OF AMERICA AND
THE GOVERNMENT OF THE REPUBLIC OF TRINIDAD AND TO-
BAGO CONCERNING THE ENCOURAGEMENT AND RECIPROCAL
PROTECTION OF INVESTMENT, WITH ANNEX AND PROTOCOL,
SIGNED AT WASHINGTON ON SEPTEMBER 26, 1994



JULY 11, 1995.—Treaty was read the first time and, together with the
accompanying papers, referred to the Committee on Foreign Relations
and ordered to be printed for the use of the Senate

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WASHINGTON : 1995

LETTER OF TRANSMITTAL

THE WHITE HOUSE, *July 11, 1995.*

To the Senate of the United States:

With a view to receiving the advice and consent of the Senate to ratification, I transmit herewith the Treaty Between the Government of the United States of America and the Government of the Republic of Trinidad and Tobago Concerning the Encouragement and Reciprocal Protection of Investment, with Annex and Protocol, signed at Washington on September 26, 1994. I transmit also for the information of the Senate, the report of the Department of State with respect to this Treaty.

The bilateral investment treaty (BIT) with Trinidad and Tobago is the third such treaty between the United States and a member of the Caribbean Community (CARICOM). The Treaty will protect U.S. investment and assist the Republic of Trinidad and Tobago in its efforts to develop its economy by creating conditions more favorable for U.S. private investment and thus strengthen the development of its private sector.

The Treaty is fully consistent with U.S. policy toward international and domestic investment. A specific tenet of U.S. policy, reflected in this Treaty, is that U.S. investment abroad and foreign investment in the United States should receive national treatment. Under this Treaty, the parties also agree to international law standards for expropriation and compensation for expropriation; free transfer of funds related to investments; freedom of investments from performance requirements; fair, equitable, and most-favored-nation treatment; and the investor or investment's freedom to choose to resolve disputes with the host government through international arbitration.

I recommend that the Senate consider this Treaty as soon as possible, and give its advice and consent to ratification of the Treaty, with Annex and Protocol, at an early date.

WILLIAM J. CLINTON.

LETTER OF SUBMITTAL

DEPARTMENT OF STATE,
Washington, June 22, 1995.

The PRESIDENT,
The White House.

THE PRESIDENT: I have the honor to submit to you the Treaty Between the Government of the United States of America and the Government of the Republic of Trinidad and Tobago Concerning the Encouragement and Reciprocal Protection of Investment, with Protocol, signed at Washington on September 26, 1994. I recommend that this Treaty, with Protocol, be transmitted to the Senate for its advice and consent to ratification.

The bilateral investment treaty (BIT) with Trinidad and Tobago is the third such treaty between the United States and a member of the Caribbean Community (CARICOM). The Treaty is based on the view that an open investment policy contributes to economic growth. This Treaty will assist the Republic of Trinidad and Tobago in its efforts to develop its economy by creating conditions more favorable for U.S. private investment and thus strengthen the development of its private sector. It is U.S. policy, however, to advise potential treaty partners during BIT negotiations that conclusion of such a treaty does not necessarily result in immediate increases in private U.S. investment flows.

To date, twenty-one BITs are in force for the United States—with Argentina, Bangladesh, Bulgaria, Cameroon, the Congo, the Czech Republic, Egypt, Grenada, Kazakhstan, Kyrgyzstan, Moldova, Morocco, Panama, Poland, Romania, Senegal, Slovakia, Sri Lanka, Tunisia, Turkey, and Zaire. In addition to the Treaty with Trinidad and Tobago, the United States has signed, but not yet brought into force, BITs with Albania, Armenia, Belarus, Ecuador, Estonia, Georgia, Haiti, Jamaica, Latvia, Mongolia, Russia, Ukraine and Uzbekistan.

The Office of the United States Trade Representative and the Department of State jointly led this BIT negotiation, with assistance from the Departments of Commerce and Treasury.

THE U.S.-TRINIDAD AND TOBAGO TREATY

The Treaty with Trinidad and Tobago is based on the 1994 U.S. prototype BIT and satisfies the United States' principal objectives in bilateral investment treaty negotiations:

- All forms of U.S. investment in the territory of Trinidad and Tobago are covered.

- Covered investments receive the better of national treatment or most-favored-nation (MFN) treatment both on establishment and thereafter, subject to certain specified exceptions.
- Performance requirements may not be imposed upon or enforced against covered investments.
- Expropriation can occur only in accordance with international law standards: that is, for a public purpose; in a nondiscriminatory manner; in accordance with due process of law; and upon payment of prompt, adequate, and effective compensation.
- The unrestricted transfer, in a freely usable currency, of funds related to a covered investment is guaranteed.
- Investment disputes with the host government may be brought by investors, or by their subsidiaries, to binding international arbitration as an alternative to domestic courts.

These elements, and the Treaty's noteworthy variations from the prototype BIT are further described below.

The following is an article-by-article analysis of the provisions of the Treaty:

Title and Preamble

The Title and Preamble state the goals of the Treaty. Foremost is the encouragement and protection of investment. Other goals include economic cooperation on investment issues; the stimulation of economic development; higher living standards; promotion of respect for internationally-recognized worker rights; and maintenance of health, safety, and environmental measures. While the Preamble does not impose binding obligations, its statement of goals may assist in interpreting the Treaty and in defining the scope of Party-to-Party consultation procedures pursuant to Article VIII. Similarly article titles have been added to the Treaty. These do not change the Treaty in any way but were added to facilitate its reading.

Article I (Definitions)

Article I defines terms used throughout the Treaty. In general, the definitions are designed to be broad and inclusive in nature.

Company, company of a Party

The definition of "company" is broad, covering all types of legal entities constituted or organized under applicable law, and includes corporations, trusts, partnerships, sole proprietorships, branches, joint ventures, and associations. The definition explicitly covers charitable and not-for-profit entities, as well as entities that are owned or controlled by the state. "Company of a Party" is defined as a company constituted or organized under the laws of that Party.

National

The Treaty defines "national" as a natural person who is a national of a Party under its own laws. Under U.S. law, the term "national" is broader than the term "citizen." For example, a native of American Samoa is a national of the United States, but not a citizen.

Investment, covered investment

The Treaty's definition of investment is broad, recognizing that investment can take a wide variety of forms. Every kind of investment is specifically incorporated in the definition; moreover, it is explicitly noted that investment may consist or take the form of any of a number of interests, claims, and rights. Establishing a subsidiary is a common way of making an investment. Other forms that an investment might take include equity and debt interests in a company; contractual rights; tangible, intangible, and intellectual property; and rights conferred pursuant to law. Investment as defined by the Treaty generally excludes claims arising solely from trade transactions, such as a sale of goods across a border that does not otherwise involve an investment.

The Treaty defines "covered investment" as an investment of a national or company of a Party in the territory of the other Party. An investment of a national or company is one that the national or company owns or controls, either directly or indirectly. Indirect ownership or control could be through other, intermediate companies or persons, including those of third countries. Control is not specifically defined in the Treaty; ownership of over fifty percent of the voting stock of a company would normally convey control, but in many cases the requirement could be satisfied by less than that proportion, or by other arrangements.

The broad nature of the definitions of "investment," "company," and "company of a Party" means that investments can be covered by the Treaty even if ultimate control lies with non-Party nationals. A Party may, however, deny the benefits of the Treaty in the limited circumstances described in Article XII.

State enterprises, investment authorization, investment agreement

The Treaty defines "state enterprise" as a company owned, or controlled through ownership interests, by a Party. Purely regulatory control over a company does not qualify it as a state enterprise.

The Treaty defines an "investment authorization" as an authorization granted by the foreign investment authority of a Party to a covered investment or a national or company of the other Party.

The Treaty defines an "investment agreement" as a written agreement between the national authorities of a Party and a covered investment or a national or company of the other Party that (1) grants rights with respect to natural resources or other assets controlled by the national authorities and (2) the investment, national, or company relies upon in establishing or acquiring a covered investment. This definition thus excludes agreements with subnational authorities (including U.S. States) as well as agreements arising from various types of regulatory activities of the national government, including, in the tax area, rulings, closing agreements, and advance pricing agreements.

ICSID Convention, Centre, UNCITRAL Arbitration Rules

The "ICSID Convention," "Centre," and "UNCITRAL Arbitration Rules" are explicitly defined to make the text brief and clear.

Territory

At the request of the Government of Trinidad and Tobago, a mutually agreed-upon definition of this term was added to the Treaty. This provision does not change the Treaty in any way, but merely makes explicit what is understood under international law.

Article II (Treatment of investment)

Article II contains the Treaty's major obligations with respect to the treatment of covered investments.

Paragraph 1 generally ensures the better of national or MFN treatment in both the entry and post-entry phases of investment. It thus prohibits, outside of exceptions listed in the Annex, "screening" on the basis of nationality during the investment process, as well as nationality-based post-establishment measures. For purposes of the Treaty, "national treatment" means treatment no less favorable than that which a Party accords, in like situations, to investments in its territory of its own nationals or companies. For purposes of the Treaty, "MFN treatment" means treatment no less favorable than that which a Party accords, in like situations, to investments in its territory of nationals or companies of a third country. "National and MFN treatment" is defined as whichever of national treatment or MFN treatment is the most favorable. Paragraph 1 explicitly states that the national and MFN treatment obligation will extend to state enterprises in their sale of goods and services.

Paragraph 2 states that the Parties may adopt or maintain exceptions to the national and MFN treatment standard with respect to the sectors or matters specified in the Annex. In principle, further restrictive measures are permitted in each sector. The careful phrasing and narrow drafting of these exceptions is therefore important. (The specific exceptions are discussed in the section entitled "Annex" below.) In the Annex, Parties may take exceptions only to the obligation to provide national and MFN treatment; there are no sectoral exceptions to the rest of the Treaty's obligations. Finally, in adopting any exception under this provision, a Party may not require the divestment of a preexisting covered investment.

Paragraph 2 also states that a Party is not required to extend to covered investments national or MFN treatment with respect to procedures provided for in multilateral agreements concluded under the auspices of the World Intellectual Property Organization relating to the acquisition or maintenance of intellectual property rights. This provision clarifies that certain procedural preferences granted under existing conventions such as the Patent Cooperation Treaty fall outside the BIT. This exception parallels one in Uruguay Round's Trade-Related Aspects of Intellectual Property Rights (TRIPS) agreement and the North American Free Trade Agreement (NAFTA). This provision complements the more specific IPR-related provisions contained in the U.S.-Trinidad and Tobago agreement on intellectual property rights.

Paragraph 3 sets out a minimum standard of treatment based on standards found in customary international law. The obligations to accord "fair and equitable treatment" and "full protection and security" are explicitly cited, as is the Parties' obligation not to impair,

through unreasonable and discriminatory means, the management, conduct, operation, and sale or other disposition of covered investments. The general reference to international law also implicitly incorporates other fundamental rules of international law: for example, that sovereignty may not be grounds for unilateral revocation or amendment of a Party's obligations to investors and investments (especially contracts), and that an investor is entitled to have an expropriation done in accordance with previous undertakings of a Party.

Paragraph 4 requires that each Party provide effective means of asserting claims and enforcing rights with respect to covered investments.

Paragraph 5 ensures the transparency of each Party's regulation of covered investments.

Article III (Expropriation)

Article III incorporates into the Treaty international law standards for expropriation and compensation.

Paragraph 1 describes the general rights of investors and obligations of the Parties with respect to expropriation and nationalization. These rights and obligations also apply to direct or indirect measures "tantamount to expropriation or nationalization" and thus apply to "creeping expropriations"—a series of measures which effectively amount to an expropriation of a covered investment without taking title.

Paragraph 1 further bars all expropriations or nationalizations except those that are for a public purpose; carried out in a non-discriminatory manner; in accordance with due process of law; in accordance with the general principles of treatment provided in Article II(3); and subject to "prompt, adequate, and effective compensation."

Paragraphs 2, 3, and 4 more fully describe the meaning of "prompt, adequate, and effective compensation." The guiding principle is that the investor should be made whole.

Article IV (Compensation for damages due to war and similar events)

Paragraph 1 entitles investments covered by the Treaty to the better of national or MFN treatment with respect to any measure relating to losses suffered in a Party's territory owing to war or other armed conflict, civil disturbances, or similar events. The unconditional obligation to pay compensation for such losses only arises when the losses result from requisitioning or from destruction not required by the necessity of the situation.

Article V (Transfers)

Article V protects investors from certain government exchange controls that limit current and capital account transfers, as well as limits on inward transfers made by screening authorities and limits on returns in kind.

In paragraph 1, each Party agrees to permit "transfers relating to a covered investment to be made freely and without delay into and out of its territory." Paragraph 1 also provides a list of trans-

fers that must be allowed. The list is non-exclusive, and is intended to protect flows to both affiliated and non-affiliated entities.

Paragraph 2 provides that each Party must permit transfers to be made in a “freely usable currency” at the market rate of exchange prevailing on the date of transfer. “Freely usable” is a term used by the International Monetary Fund; at present there are five such “freely usable” currencies: the U.S. dollar, Japanese yen, German mark, French franc and British pound sterling.

In paragraph 3, each Party agrees to permit returns in kind to be made where such returns have been authorized by an investment authorization or written agreement between a Party and a covered investment.

Paragraph 4 recognizes that, notwithstanding the guarantees of paragraphs 1 through 3, a Party may prevent a transfer through the equitable, non-discriminatory and good faith enforcement of judicial orders and judgments, or application of laws relating to such fields as bankruptcy, securities, or criminal or penal offenses.

Article VI (Performance requirements)

Article VI prohibits either Party from mandating or enforcing performance requirements in connection with a covered investment. The list of prohibited requirements includes the use of local goods, the export of goods or services, the “balancing” of imports and exports, the transfer of technology, or the conduct of research in the host country. Such requirements are major burdens on investors and impair their competitiveness.

Paragraph 2 makes clear that a Party may, however, impose conditions for benefits and incentives—e.g., eligibility for programs maintained by the U.S. Export-Import Bank and other similar institutions.

Article VII (Entry, sojourn and employment of aliens)

Paragraph 1 requires each Party to allow, subject to its immigration and employment laws and regulations, the entry into its territory of the other Party’s nationals for certain purposes related to a covered investment and involving the commitment of a “substantial amount of capital.” This paragraph serves to render nationals of Trinidad and Tobago eligible for treaty-investor visas under U.S. immigration law. It also guarantees similar treatment for U.S. nationals entering the Republic of Trinidad and Tobago. The requirement to commit a “substantial amount of capital” is intended to prevent abuse of treaty-investor status; it parallels the requirements of U.S. immigration law.

In addition, paragraph 1(b) prohibits labor certification requirements and numerical restrictions on investor-visas.

Paragraph 2 requires that each party allow covered investment to engage top managerial personnel of their choice, regardless of nationality.

Article VIII (State-State consultations)

Article VIII provides for prompt consultation between the Parties, at either Party’s request, on any matter relating to the interpretation of the Treaty or to the realization of the Treaty’s objectives. A Party may thus request consultations for any matter rea-

sonably related to the encouragement or protection of covered investment, whether or not a Party is alleging a violation of the Treaty.

Article IX (Settlement of disputes between one Party and a national or company of the other Party)

Article IX sets forth several means by which disputes between an investor and a Party may be settled.

Article IX procedures apply to an “investment dispute,” which covers any dispute arising out of or relating to an investment authorization, an investment agreement, or an alleged breach of rights granted or recognized by the Treaty with respect to a covered investment.

In the event that an investment dispute cannot be settled amicably, Paragraph 2 gives a national or company an exclusive (with the exception in paragraph 3(b) concerning injunctive relief, explained below) choice among three options to settle the dispute. These three options are: (1) submitting the dispute to the courts or administrative tribunals of the Party that is a party to the dispute¹; (2) invoking dispute-resolution procedures previously agreed upon by the national or company and the host country government; or (3) invoking the dispute-resolution mechanisms provided for in paragraph 3 of Article IX.

Under paragraph 3(a), the investor can submit an investment dispute to binding arbitration three months after the dispute arises, provided that the investor has not submitted the claim to a court or administrative tribunal of the Party or invoked a dispute resolution procedure previously agreed upon in an investment agreement. The investor may choose among the International Centre for Settlement of Investment Disputes (ICSID) (Convention Arbitration), the Additional Facility of ICSID (if Convention Arbitration is not available), ad hoc arbitration using the Arbitration Rules of the United Nations Commission on International Trade Law (UNCITRAL), or any other arbitration institution or rules agreed upon by both parties to the dispute.

Before or during such arbitral proceedings, however, paragraph 3(b) provides that a national or company may seek, without affecting its rights to pursue arbitration under this Treaty, interim injunctive relief not involving the payment of damages from local courts or administrative tribunals for the preservation of its rights and interests. This paragraph does not alter the power of the arbitral tribunals to recommend or order interim measures they may deem appropriate.

Paragraph 4 constitutes each Party’s consent to the submission of investment disputes to binding arbitration in accordance with the choice of the national or company.

Paragraph 5 provides that any non-ICSID arbitration shall take place in a country that is a party to the United Nations Convention on the Recognition and Enforcement of Arbitral Awards. This provision expands the ability of investors to obtain enforcement of arbitral awards.

¹ Like the treaties of Friendship, Commerce and Navigation (FCN), which preceded them (the BIT program is a successor to the FCN program), BITs provide a basis for nationals and companies of the other Party to allege Treaty violations in actions in courts of the United States.

In addition, in paragraph 6, each Party commits to enforcing arbitral awards rendered pursuant to this Article. The Federal Arbitration Act (9 U.S.C. 1 et seq.) satisfies the requirement for the enforcement of non-ICSID awards in the United States. The Convention on the Settlement of Investment Disputes Act of 1966 (22 U.S.C. 1650, 1650a) provides for the enforcement of ICSID awards.

Paragraph 7 ensures that a Party may not assert as a defense, or for any other reason, that the company or national involved in the investment dispute has received or will receive reimbursement for the same damages under an insurance or guarantee contract.

Paragraph 8 ensures that for ICSID Convention Arbitration, the nationality of a company in the host country will be determined by ownership or control, rather than by place of incorporation. This ensures that a claim may be brought by an investor's host country subsidiary.

Article X (Settlement of disputes between the Parties)

Article X provides for binding arbitration of disputes between the United States and the Republic of Trinidad and Tobago that are not resolved through consultations or other diplomatic channels, with time periods agreed to during these negotiations. The article constitutes each Party's prior consent to arbitration. Paragraph 4 adds to the Treaty a provision clarifying that each Party shall pay the costs of its representation in the arbitration. This does not change the prototype's meaning in any way, but merely makes explicit what is understood under customary international law.

Article XI (Preservation of rights)

Article XI clarifies that the Treaty does not derogate from any obligation a Party might have to provide better treatment to the covered investment than is specified in the Treaty. Thus, the Treaty establishes a floor for the treatment of covered investments. An investor may be entitled to more favorable treatment through domestic legislation, other international legal obligations, or a specific obligation (e.g., to provide a tax holiday) assumed by a Party with respect to that investor.

Article XII (Denial of benefits)

Article XII(a) preserves the right of each Party to deny the benefits of the Treaty to firms owned or controlled by nationals of a non-Party country with which the denying Party does not have normal economic relations; e.g., a country to which it is applying economic sanctions. For example, at this time the United States does not maintain normal economic relations with, among other countries, Cuba or Libya.

Article XII(b) permits each Party to deny the benefits of the Treaty to a company of the other Party if the company is owned or controlled by non-Party nationals and if the company has no substantial business activities in the Party where it is established. Thus the United States could deny benefits to a company which is a subsidiary of a shell company organized under the laws of the Republic of Trinidad and Tobago if controlled by nationals of a third country. However, this provision would not generally permit the United States to deny benefits to a company of the Republic of

Trinidad and Tobago that maintains its central administration or principal place of business in the territory of, or has a real and continuous link with, the Republic of Trinidad and Tobago.

Article XIII (Taxation)

Article XIII excludes tax matters generally from the coverage of the BIT, on the basis that tax matters should be dealt with in bilateral tax treaties. However, Article XIII does not preclude a national or company from bringing claims under Article IX that taxation provisions in an investment agreement or authorization have been violated, or that tax matters resulted in, or constituted, an expropriation of a covered investment.

Under paragraph 2, a national or company that asserts in a dispute that a tax matter involves expropriation may submit that dispute to arbitration pursuant to Article IX(3) only if (1) the investor has first referred to the competent tax authorities of both Parties the issue of whether the tax matter involves an expropriation, and (2) the tax authorities have not both determined, within nine months from the time of referral, that the matter does not involve expropriation. The "competent tax authority" of the United States is the Assistant Secretary of the Treasury for International Tax Policy, who will make his determination only after consultation with the Inter-Agency Staff Coordinating Group on Expropriations.

Article XIV (Measures not precluded)

The first paragraph of Article XIV reserves the right of a Party to take measures for the fulfillment of its international obligations with respect to international peace and security, as well as those measures it regards as necessary for the protection of its own essential security interests.

International obligations with respect to peace and security would include, for example, obligations arising out of Chapter VII of the United Nations Charter. Measures permitted by the provision on the protection of a Party's essential security interests would include security-related actions taken in time of war or national emergency. Actions not arising from a state of war or national emergency must have a clear and direct relationship to the essential security interest of the Party involved. Measures to protect a Party's essential security interests are self-judging in nature, although each Party would expect the provisions to be applied by the other in good faith. These provisions are common in international investment agreements.

The second paragraph permits a Party to prescribe special formalities in connection with covered investments, provided that these formalities do not impair the substance of any Treaty rights. Such formalities could include reporting requirements for covered investments or for transfers of funds, or incorporation requirements.

Article XV (Application to political subdivisions and State enterprises of the Parties)

Paragraph 1(a) makes clear that the obligations of the Treaty are applicable to all political subdivisions of the Parties, such as provincial, State and local governments.

Paragraph 1(b) recognizes that under the U.S. federal system, States of the United States may, in some instances, treat out-of-State residents and corporations in a different manner than they treat in-State residents and corporations. The Treaty provides that the national treatment commitment, with respect to the States, means treatment no less favorable than that provided by a State to U.S. out-of-State residents and corporations.

Paragraph 2 extends a Party's obligations under the Treaty to its state enterprises in the exercise of any delegated authority. This paragraph is designed to clarify that the exercise of governmental authority by a state enterprise must be consistent with a Party's obligations under the Treaty.

Article XVI (Entry into force, duration, and termination)

Paragraph 1 stipulates that the Treaty enters into force thirty days after exchange of instruments of ratification and continues in force for a period of ten years. From the date of its entry into force, the Treaty applies to all activities of both Parties with respect to preexisting and newly established investments alike. After this ten-year term, the Treaty will continue in force unless terminated in accordance with paragraph 3.

Paragraph 2 adds to the prototype a provision that the Treaty may be amended by the Parties.

Paragraph 4 provides that, if the Treaty is terminated, all investments that qualified as covered investments on the date of termination (i.e., one year after written notice) continue to be protected under the Treaty for ten years from that date as long as these investments qualify as covered investments. Such coverage would continue to extend fully to such an investment as it grew—whether by reinvestment, expansion, or merger.

A Party's obligations to accord the right to establish or acquire investments would lapse immediately upon the date of termination of the Treaty.

Paragraph 5 stipulates that the Annex and Protocol shall form an integral part of the Treaty.

Annex

U.S. bilateral investment treaties allow for exceptions to national and MFN treatment, because the Parties' domestic regimes may provide for derogations from national and MFN treatment, and because treatment in certain sectors and matters is negotiated in and governed by other agreements. Future derogations from the national treatment obligations of the Treaty are generally permitted only in the sectors or matters listed in the Annex, pursuant to Article II(2), and must be made on an MFN basis unless otherwise specified therein.

Under a number of statutes, many of which have a long historical background, the U.S. federal government or States may not necessarily treat investments of nationals or companies of Trinidad and Tobago as they do U.S. investments or investments from a third country. Paragraphs 1 through 3 of the Annex list the sectors or matters affected by such statutes.

The U.S. exceptions from its national treatment commitments are: atomic energy; customhouse brokers; licenses for broadcast,

common carrier, or aeronautical radio stations; COMSAT; subsidies or grants, including government supported loans, guarantees, and insurance; State and local measures exempt from Article 1102 of the North American Free Trade Agreement pursuant to Article 1108 thereof; and landing of submarine cables.

The U.S. exceptions from its most-favored-nation and national treatment commitment are: fisheries; and air and maritime transport, and related activities.

During negotiations, the United States informed Trinidad and Tobago that if Trinidad and Tobago undertook acceptable commitments with respect to all or certain financial services, the United States would consider limiting its exceptions with respect to national and most-favored-nation treatment in financial services.

Trinidad and Tobago's offer to take no exceptions to the treaty's national or most-favored-nation treatment obligations with respect to financial services was judged acceptable. Therefore, in Paragraph 3 of the Annex, the United States has limited its exceptions with respect to financial services to afford treatment no less favorable than that accorded with respect to Canada and Mexico in the North American Free Trade Agreement.

Paragraph 4 lists Trinidad and Tobago's exceptions to national treatment, which are: civil aviation; real property; subsidies or grants, including government-supported loans, guarantees, insurance and other measures; customs brokers and customs clerks; and gambling, betting and lotteries. These exceptions are based on current laws and regulations in Trinidad and Tobago.

Paragraph 5 lists Trinidad and Tobago's exclusions from its obligation to provide most-favored-nation treatment, within the context of the CARICOM Enterprises Regime: licenses in the sectors or with respect to the matters specified in paragraph 4 of the Annex; benefits granted under the Scheme for Harmonization of Fiscal Incentives to Industry; and fiscal incentives in respect of agriculture, tourism and forestry.

Paragraph 6 of the Annex ensures that reciprocal national treatment is granted in all leasing of minerals or pipeline rights-of-way on Government lands. In creating this positive right to reciprocal national treatment, this provision affects the implementation of the Mineral Lands Leasing Act and 10 U.S.C. §7435, with respect to nationals and companies of the Republic of Trinidad and Tobago. The Treaty provides for resort to binding international arbitration to resolve disputes, rather than denial of mineral rights and rights to naval petroleum shares to investors of the other Party, as is the current process under the statute. U.S. domestic remedies would, however, remain available for use in conjunction with the Treaty's provisions.

The MLLA and 10 U.S.C. §7435 direct that if a foreign country does not grant national treatment to U.S. investors in leases for minerals on on-shore federal lands, leases of land within the Naval Petroleum and Oil Shale Reserves, and rights-of-way for oil or gas pipelines across on-shore federal lands, investors from that country may not be granted national treatment.

Trinidad and Tobago's extension of national treatment in these sectors will fully meet the objectives of the Mineral Lands Leasing Act (MLLA) and 10 U.S.C. §7435. Trinidad and Tobago was in-

formed during negotiations that, were it to include this sector in its list of treatment exemptions, the United States would (consistent with the MLLA and 10 U.S.C. § 7435) exclude the leasing of minerals or pipeline rights-of-way on Government lands from the national and MFN treatment obligations of this Treaty.

The listing of a sector does not necessarily signify that domestic laws have entirely reserved it for nationals. And, pursuant to Article II(2)(c), any additional restrictions or limitations which a Party may adopt with respect to listed sectors or matters may not compel the divestiture of existing covered investments.

Finally, listing a sector or matter in the Annex exempts a Party only from the obligation to accord national or MFN treatment. Both Parties are obligated to accord to covered investments in all sectors—even those listed in the Annex—all other rights conferred by the Treaty.

Protocol

Paragraph 1 of the Protocol explains the provisions of the law underlying the listing of “real property” in Trinidad and Tobago’s exceptions to the national treatment obligation (paragraph 4 of the Annex). The foreign investment law of the Republic of Trinidad and Tobago stipulates that investments in land must be directly related to a trade or business activity. It requires foreign investors to obtain a license to acquire more than one acre of land for residential purposes and more than five acres of land for a trade or business purpose.

In paragraph 2, the Parties confirm that the provisions outlined in paragraph 1 may not apply to citizens of CARICOM states. The Parties confirm their mutual understanding that the most-favored-nation obligations of the Treaty do not entitle investments of the United States to exemptions from the restrictions explained in paragraph 1.

In paragraph 3, the Parties confirm their mutual understanding that the Treaty does not apply retroactively. This provision merely makes explicit what is understood under international law, and was added to the Treaty at the request of the Government of Trinidad and Tobago.

The other U.S. Government agencies which negotiated the Treaty join me in recommending that it be transmitted to the Senate at an early date.

Respectfully submitted,

WARREN CHRISTOPHER.

TREATY BETWEEN
THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND
THE GOVERNMENT OF THE REPUBLIC OF TRINIDAD AND TOBAGO
CONCERNING THE ENCOURAGEMENT
AND RECIPROCAL PROTECTION OF INVESTMENT

The Government of the United States of America and the Government of the Republic of Trinidad and Tobago (hereinafter referred to collectively as the "Parties" and individually as a "Party");

Desiring to promote greater economic cooperation between them, with respect to investment by nationals and companies of one Party in the territory of the other Party;

Recognizing that agreement upon the treatment to be accorded such investment will stimulate the flow of private capital and the economic development of the Parties;

Agreeing that a stable framework for investment will maximize effective utilization of economic resources and improve living standards;

Recognizing that the development of economic and business ties can promote respect for internationally recognized worker rights;

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

Having resolved to conclude a treaty concerning the encouragement and reciprocal protection of investment;

Have agreed as follows:

ARTICLE I
DEFINITIONS

For the purposes of this Treaty,

(a) "company" means any entity constituted or organized under applicable law, whether or not for profit, and whether privately or governmentally owned or controlled, and includes a corporation, trust, partnership, sole proprietorship, branch, joint venture, association, or other organization;

(b) "company of a Party" means a company constituted or organized under the laws of that Party;

(c) "national" of a Party means a natural person who is a national of that Party under its applicable law;

(d) "investment" of a national or company means every kind of investment owned or controlled directly or indirectly by that national or company, and includes investment consisting or taking the form of:

(i) a company;

(ii) shares, stock, and other forms of equity participation; and bonds, debentures, and other forms of debt interests, in a company;

(iii) contractual rights, such as under turnkey, construction or management contracts, production or revenue-sharing contracts, concessions, or other similar contracts;

(iv) tangible property, including real property; and intangible property, including rights, such as leases, mortgages, liens and pledges;

(v) intellectual property, including:

copyrights and related rights,

patents,

rights in plant varieties,

industrial designs,

rights in semiconductor layout designs,

trade secrets, including know-how and confidential business information,

trade and service marks, and

trade names; and

(vi) rights conferred pursuant to law, such as licenses and permits;

(e) "covered investment" means an investment of a national or company of a Party in the territory of the other Party;

(f) "state enterprise" means a company owned, or controlled through ownership interests, by a Party;

(g) "investment authorization" means an authorization granted by the foreign investment authority of a Party to a covered investment or a national or company of the other Party;

(h) "investment agreement" means a written agreement between the national authorities of a Party and a covered investment or a national or company of the other Party that (i) grants rights with respect to natural resources or other assets controlled by the national authorities and (ii) the investment, national or company relies upon in establishing or acquiring a covered investment;

(i) "ICSID Convention" means the Convention on the Settlement of Investment Disputes between States and Nationals of Other States, done at Washington, March 18, 1965;

(j) "Centre" means the International Centre for Settlement of Investment Disputes established by the ICSID Convention;

(k) "UNCITRAL Arbitration Rules" means the arbitration rules of the United Nations Commission on International Trade Law; and

(l) "territory" means the territory of the United States of America or the Republic of Trinidad and Tobago, including the territorial sea established in accordance with international law as reflected in the 1982 United Nations Convention on the Law of the Sea. This Treaty also applies in the seas and seabed adjacent to the territorial sea in which the United States of America or the Republic of Trinidad and Tobago has sovereign rights or jurisdiction in accordance with international law as reflected in the 1982 United Nations Convention on the Law of the Sea.

ARTICLE II

TREATMENT OF INVESTMENT

1. With respect to the establishment, acquisition, expansion, management, conduct, operation and sale or other disposition of covered investments, each Party shall accord treatment no less favorable than that it accords, in like situations, to investments in its territory of its own nationals or companies (hereinafter referred to as "national treatment") or to investments in its territory of nationals or companies of a third country (hereinafter referred to as "most favored nation treatment"), whichever is more favorable (hereinafter referred to as "national and most favored nation treatment"). Each Party shall ensure that its state enterprises, in the provision of their goods or services, accord national and most favored nation treatment to covered investments.

2. (a) A Party may adopt or maintain exceptions to the obligations of paragraph 1 in the sectors or with respect to the matters specified in the Annex to this Treaty. In adopting such an exception, a Party may not require the divestment, in whole or in part, of covered investments existing at the time the exception becomes effective.

(b) The obligations of paragraph 1 do not apply to procedures provided in multilateral agreements concluded under the auspices of the World Intellectual Property Organization relating to the acquisition or maintenance of intellectual property rights.

3. (a) Each Party shall at all times accord to covered investments fair and equitable treatment and full protection and security, and shall in no case accord treatment less favorable than that required by international law.

(b) Neither Party shall in any way impair by unreasonable and discriminatory measures the management, conduct, operation, and sale or other disposition of covered investments.

4. Each Party shall provide effective means of asserting claims and enforcing rights with respect to covered investments.

5. Each Party shall ensure that its laws, regulations, administrative practices and procedures of general application, and adjudicatory decisions, that pertain to or affect covered investments are promptly published or otherwise made publicly available.

ARTICLE III
EXPROPRIATION

1. Neither Party shall expropriate or nationalize a covered investment either directly or indirectly through measures tantamount to expropriation or nationalization (hereinafter referred to as "expropriation") except for a public purpose; in a non-discriminatory manner; upon payment of prompt, adequate and effective compensation; and in accordance with due process of law and the general principles of treatment provided for in Article II(3).

2. Compensation shall be paid without delay, be equivalent to the fair market value of the expropriated investment immediately before the expropriatory action was taken ("the date of expropriation"), and be fully realizable and freely transferable. The fair market value shall not reflect any change in value occurring because the expropriatory action had become known before the date of expropriation.

3. If the fair market value is denominated in a freely usable currency, the compensation paid shall be no less than the fair market value on the date of expropriation, plus interest at a commercially reasonable rate for that currency, accrued from the date of expropriation until the date of payment.

4. If the fair market value is denominated in a currency that is not freely usable, the compensation paid, converted into the currency of payment at the market rate of exchange prevailing on the date of payment, shall be no less than:

(a) the fair market value on the date of expropriation, converted into a freely usable currency at the market rate of exchange prevailing on that date, plus

(b) interest, at a commercially reasonable rate for that freely usable currency, accrued from the date of expropriation until the date of payment.

ARTICLE IV

COMPENSATION FOR DAMAGES DUE TO WAR AND SIMILAR EVENTS

1. Each Party shall accord national and most favored nation treatment to covered investments as regards any measure relating to losses that investments suffer in its territory owing to war or other armed conflict, revolution, state of national emergency, insurrection, civil disturbance, or similar events.

2. Each Party shall accord restitution, or pay compensation in accordance with paragraphs 2 through 4 of Article III, in the event that covered investments suffer losses in its territory, owing to war or other armed conflict, revolution, state of national emergency, insurrection, civil disturbance, or similar events, that result from:

(a) requisitioning of all or part of such investments by the Party's forces or authorities, or

(b) destruction of all or part of such investments by the Party's forces or authorities that was not required by the necessity of the situation.

ARTICLE V

TRANSFERS

1. Each Party shall permit all transfers relating to a covered investment to be made freely and without delay into and out of its territory. Such transfers include:

(a) contributions to capital;

(b) profits, dividends, capital gains, and proceeds from the sale of all or any part of the investment or from the partial or complete liquidation of the investment;

(c) interest, royalty payments, management fees, and technical assistance and other fees;

(d) payments made under a contract, including a loan agreement; and

(e) compensation pursuant to Articles III and IV, and payments arising out of an investment dispute.

2. Each Party shall permit transfers to be made in a freely usable currency at the market rate of exchange prevailing on the date of transfer.

3. Each Party shall permit returns in kind to be made as authorized or specified in an investment authorization, investment agreement, or other written agreement between the Party and a covered investment or a national or company of the other Party.

4. Notwithstanding paragraphs 1 through 3, a Party may prevent a transfer through the equitable, non-discriminatory and good faith application of its laws relating to:

- (a) bankruptcy, insolvency or the protection of the rights of creditors;
- (b) issuing, trading or dealing in securities;
- (c) criminal or penal offenses; or
- (d) ensuring compliance with orders or judgments in adjudicatory proceedings.

ARTICLE VI
PERFORMANCE REQUIREMENTS

1. Neither Party shall mandate or enforce, as a condition for the establishment, acquisition, expansion, management, conduct or operation of a covered investment, any requirement (including any commitment or undertaking in connection with the receipt of a governmental permission or authorization):

(a) to achieve a particular level or percentage of local content, or to purchase, use or otherwise give a preference to products or services of domestic origin or from any domestic source;

(b) to limit imports by the investment of products or services in relation to a particular volume or value of production, exports or foreign exchange earnings;

(c) to export a particular type, level or percentage of products or services, either generally or to a specific market region;

(d) to limit sales by the investment of products or services in the Party's territory in relation to a particular volume or value of production, exports or foreign exchange earnings;

(e) to transfer technology, a production process or other proprietary knowledge to a national or company in the Party's territory, except pursuant to an order, commitment or undertaking that is enforced by a court, administrative tribunal or competition authority to remedy an alleged or adjudicated violation of competition laws; or

(f) to carry out a particular type, level or percentage of research and development in the Party's territory.

2. Nothing in paragraph 1 shall preclude a Party from providing benefits and incentives conditioned upon such requirements.

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ARTICLE VII

ENTRY, SOJOURN AND EMPLOYMENT OF ALIENS

1. (a) Subject to its laws relating to the entry, sojourn and employment of aliens, each Party shall permit to enter and to remain in its territory nationals of the other Party for the purpose of establishing, developing, administering or advising on the operation of an investment to which they, or a company of the other Party that employs them, have committed or are in the process of committing a substantial amount of capital or other resources.

(b) Neither Party shall, in granting entry under paragraph 1(a), require a labor certification test or other procedures of similar effect, or apply any numerical restriction.

2. Each Party shall permit covered investments to engage top managerial personnel of their choice, regardless of nationality.

ARTICLE VIII

CONSULTATIONS

The Parties agree to consult promptly, on the request of either, to resolve any disputes in connection with the Treaty, or to discuss any matter relating to the interpretation or application of the Treaty or to the realization of the objectives of the Treaty.

ARTICLE IX

SETTLEMENT OF DISPUTES BETWEEN ONE PARTY
AND A NATIONAL OR COMPANY OF THE OTHER PARTY

1. For purposes of this Treaty, an investment dispute is a dispute between a Party and a national or company of the other Party arising out of or relating to an investment authorization, an investment agreement or an alleged breach of any right conferred, created or recognized by this Treaty with respect to a covered investment.

2. In the event of an investment dispute, the parties to the dispute should initially seek a resolution through consultation and negotiation. If the dispute cannot be settled amicably, the national or company that is a party to an investment dispute may, subject to subparagraph 3(b), submit the dispute for resolution under only one of the following alternatives:

(a) to the courts or administrative tribunals of the Party that is a party to the dispute; or

(b) in accordance with any applicable, previously agreed dispute-settlement procedures; or

(c) in accordance with the terms of paragraph 3.

3. (a) Provided that the national or company concerned has not submitted the dispute for resolution under paragraph 2(a) or (b), and that three months have elapsed from the date on which the dispute arose, the national or company concerned may submit the dispute for settlement by binding arbitration:

(i) to the Centre, if the Centre is available; or

(ii) to the Additional Facility of the Centre, if the Centre is not available; or

(iii) in accordance with the UNCITRAL Arbitration Rules; or

(iv) if agreed by both parties to the dispute, to any other arbitration institution or in accordance with any other arbitration rules.

(b) A national or company, notwithstanding that it may have submitted a dispute to binding arbitration under paragraph 3(a), may seek interim injunctive relief, not involving the payment of damages, before the judicial or administrative tribunals of the Party that is a party to the dispute, prior to the institution of the arbitral proceeding or during the proceeding, for the preservation of its rights and interests.

4. Each Party hereby consents to the submission of any investment dispute for settlement by binding arbitration in accordance with the choice of the national or company under paragraph 3(a)(i), (ii), and (iii) or the mutual agreement of both parties to the dispute under paragraph 3(a)(iv). This consent and the submission of the dispute by a national or company under paragraph 3(a) shall satisfy the requirement of:

(a) Chapter II of the ICSID Convention (Jurisdiction of the Centre) and the Additional Facility Rules for written consent of the parties to the dispute; and

(b) Article II of the United Nations Convention on the Recognition and Enforcement of Foreign Arbitral Awards, done at New York, June 10, 1958, for an "agreement in writing."

5. Any arbitration under paragraph 3(a)(ii), (iii) or (iv) shall be held in a state that is a party to the United Nations Convention on the Recognition and Enforcement of Foreign Arbitral Awards, done at New York, June 10, 1958.

6. Any arbitral award rendered pursuant to this Article shall be final and binding on the parties to the dispute. Each Party shall carry out without delay the provisions of any such award and provide in its territory for the enforcement of such award.

7. In any proceeding involving an investment dispute, a Party shall not assert, as a defense, 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 pursuant to an insurance or guarantee contract.

8. For purposes of Article 25(2)(b) of the ICSID Convention and this Article, a company of a Party that, immediately before the occurrence of the event or events giving rise to an investment dispute, was a covered investment, shall be treated as a company of the other Party.

ARTICLE X

SETTLEMENT OF DISPUTES BETWEEN THE PARTIES

1. Any dispute between the Parties concerning the interpretation or application of the Treaty, that is not resolved through consultations or other diplomatic channels, shall be submitted upon the request of either Party to an arbitral tribunal for binding decision in accordance with the applicable rules of international law, provided that six months have elapsed from the date the matter was first raised. In the absence of an agreement by the Parties to the contrary, the UNCITRAL Arbitration Rules shall govern, except to the extent these rules are (a) modified by the Parties or (b) modified by the arbitrators unless either Party objects to the proposed modification.

2. Within two months of receipt of a request, each Party shall appoint an arbitrator. The two arbitrators shall, within a period of two months, select a third arbitrator as Chairman, who shall be a national of a third state. The UNCITRAL Arbitration Rules applicable to appointing members of three member panels shall apply *mutatis mutandis* to the appointment of the arbitral panel except that the appointing authority referenced in those rules shall be the Secretary General of the Centre.

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3. Unless otherwise agreed, all submissions shall be made and all hearings shall be completed within six months of the date of selection of the third arbitrator, and the arbitral panel shall render its decisions within two months of the date of the final submissions or the date of the closing of the hearings, whichever is later.

4. Each Party shall pay the costs of its representation in the arbitral proceedings. Expenses incurred by the Chairman and other arbitrators, and other costs of the proceedings, shall be paid for equally by the Parties. However, the arbitral tribunal may, taking into account the circumstances of the case, at its discretion, reapportion such costs between the Parties if it determines that reapportionment is reasonable.

ARTICLE XI

PRESERVATION OF RIGHTS

This Treaty shall not derogate from any of the following that entitle covered investments to treatment more favorable than that accorded by this Treaty:

(a) laws and regulations, administrative practices or procedures, or administrative or adjudicatory decisions of a Party;

(b) international legal obligations; or

(c) obligations assumed by a Party, including those contained in an investment authorization or an investment agreement.

ARTICLE XII

DENIAL OF BENEFITS

Each Party reserves the right to deny to a company of the other Party the benefits of this Treaty if nationals of a third country own or control the company and:

(a) the denying Party does not maintain normal economic relations with the third country; or

(b) the company has no substantial business activities in the territory of the Party under whose laws it is constituted or organized.

ARTICLE XIII

TAXATION

1. No provision of this Treaty shall impose obligations with respect to tax matters, except that:

(a) Articles III, IX and X shall apply with respect to expropriation; and

(b) Article IX shall apply with respect to an investment agreement or an investment authorization.

2. A national or company, that asserts in an investment dispute that a tax matter involves an expropriation, may submit that dispute to arbitration pursuant to Article IX(3) only if:

(a) the national or company concerned has first referred to the competent tax authorities of both Parties the issue of whether the tax matter involves an expropriation; and

(b) the competent tax authorities have not both determined, within nine months from the time the national or company referred the issue, that the matter does not involve an expropriation.

ARTICLE XIV

MEASURES NOT PRECLUDED BY THIS TREATY

1. This Treaty shall not preclude a Party from applying measures necessary for the fulfillment of its obligations with respect to the maintenance or restoration of international peace or security, or the protection of its own essential security interests.

2. This Treaty shall not preclude a Party from prescribing special formalities in connection with covered investments, such as a requirement that such investments be legally constituted under the laws and regulations of that Party, or a requirement that transfers of currency or other monetary instruments be reported, provided that such formalities shall not impair the substance of any of the rights set forth in this Treaty.

ARTICLE XV

APPLICATION OF THIS TREATY TO POLITICAL SUBDIVISIONS
AND STATE ENTERPRISES OF THE PARTIES

1. (a) The obligations of this Treaty shall apply to the political subdivisions of the Parties.

(b) With respect to the treatment accorded by a State, Territory or possession of the United States of America, national treatment means treatment no less favorable than the treatment accorded thereby, in like situations, to investments of nationals of the United States of America resident in, and companies legally constituted under the laws and regulations of, other States, Territories or possessions of the United States of America.

2. A Party's obligations under this Treaty shall apply to a state enterprise in the exercise of any regulatory, administrative or other governmental authority delegated to it by that Party.

ARTICLE XVI

ENTRY INTO FORCE, DURATION, AMENDMENT AND TERMINATION

1. This Treaty shall enter into force thirty days after the date of exchange of instruments of ratification. It shall remain in force for a period of ten years and shall continue in force unless terminated in accordance with paragraph 3. It shall apply to covered investments existing at the time of entry into force as well as to those established or acquired thereafter.

2. This Treaty may be amended by agreement between the Parties.

3. A Party may terminate this Treaty at the end of the initial ten year period or at any time thereafter by giving one year's written notice to the other Party.

4. For ten years from the date of termination, all other Articles shall continue to apply to covered investments established or acquired prior to the date of termination, except insofar as those Articles extend to the establishment or acquisition of covered investments.

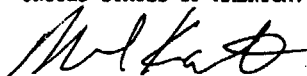
5. The Annex and Protocol shall form an integral part of the Treaty.

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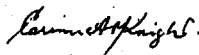
IN WITNESS WHEREOF, the respective plenipotentiaries have signed this Treaty.

DONE in duplicate at Washington this twenty-sixth day of September, 1994, in the English language.

FOR THE GOVERNMENT OF THE
UNITED STATES OF AMERICA:



FOR THE GOVERNMENT OF THE
REPUBLIC OF TRINIDAD AND TOBAGO:



ANNEX

1. The Government of the United States of America may adopt or maintain exceptions to the obligation to accord national treatment to covered investments in the sectors or with respect to the matters specified below:

atomic energy; customhouse brokers; licenses for broadcast, common carrier, or aeronautical radio stations; COMSAT; subsidies or grants, including government-supported loans, guarantees and insurance; state and local measures exempt from Article 1102 of the North American Free Trade Agreement pursuant to Article 1108 thereof; landing of submarine cables.

Most favored nation treatment shall be accorded in the sectors and matters indicated above.

2. The Government of the United States of America may adopt or maintain exceptions to the obligation to accord national and most favored nation treatment to covered investments in the sectors or with respect to the matters specified below:

fisheries; air and maritime transport, and related activities.

3. The Government of the United States of America may adopt or maintain exceptions to the obligation to accord national and most favored nation treatment to covered investments, provided that the exceptions do not result in treatment under this Treaty less favorable than the treatment that the Government of the United States of America has undertaken to accord in the North American Free Trade Agreement with respect to another party to that Agreement, in the sectors or with respect to the matters specified below:

banking, insurance, securities and other financial services.

4. The Government of the Republic of Trinidad and Tobago may adopt or maintain exceptions to the obligation to accord national treatment to covered investments in the sectors or with respect to the matters specified below:

civil aviation; real property; subsidies or grants, including government-supported loans, guarantees, insurance and other similar measures; customs brokers and customs clerks; gambling, betting and lotteries.

Most favored nation treatment shall be accorded in the sectors and matters indicated above.

5. The Government of the Republic of Trinidad and Tobago may adopt or maintain exceptions to the obligation to accord most favored nation treatment to covered investments, within the context of the CARICOM Enterprises Regime, in the sectors or with respect to the matters specified below:

licenses in the sectors or with respect to the matters specified in paragraph 4; benefits granted under the Scheme for the Harmonization of Fiscal Incentives to Industry; fiscal incentives in respect of agriculture, tourism and forestry.

6. Each Party agrees to accord national treatment to covered investments in the following sectors:

leasing of minerals or pipeline rights-of-way on Government lands.

PROTOCOL

1. With respect to the listing of "real property" in paragraph 4 of the Annex, the Parties note that in accordance with the current foreign investment legislation of the Republic of Trinidad and Tobago:

(a) investments in land must be directly related to a trade or business activity;

(b) a foreign investor may acquire land, the area of which does not exceed one acre, for residential purposes without obtaining a license;

(c) a foreign investor may acquire land, the area of which does not exceed five acres, for the purposes of trade or business without obtaining a license.

2. The Parties note that the provisions outlined at paragraph 1(a), (b), and (c) above may not apply to citizens of CARICOM states. The Parties confirm their mutual understanding that the most favored nation obligations of this Treaty do not entitle covered investments of the United States of America to the treatment accorded to citizens of CARICOM states with respect to any exemption from these restrictions.

3. The Parties confirm their mutual understanding that the provisions of this Treaty do not bind either Party in relation to any act or fact which took place or any situation which ceased to exist before the date of the entry into force of this Treaty.