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The Embassy of the Czech Republic in Riga presents its compliments to the Ministry of Foreign Affairs of the Republic of Latvia and, with reference to the previous communication, namely to the Note No. 2/2009 dated 5 January 2009, concerning the proposal to terminate the *Agreement between the Government of the Czech Republic and the Government of the Republic of Latvia for the Promotion and Reciprocal Protection of Investments*, signed on 25 October 1994 in Riga (hereinafter "the Agreement"), and non-application of Article 12, Paragraph 3 of the Agreement, and to the Note of the Embassy of the Republic of Latvia in Prague No. 61/82 dated 9 April 2009 refusing the proposal contained in the above-mentioned note of this Embassy dated 5 January 2009, has the honour to draw the attention of the Honourable Ministry to the fact that on 18 June 2015, the European Commission has initiated formal infringement proceedings against five Member States of the European Union and informal proceedings against 21 others ("EU Pilot"), including the Czech Republic and the Republic of Latvia, requesting them to terminate bilateral investment treaties between them. The reason for these proceedings, as outlined by the European Commission, is incompatibility of bilateral investment treaties between Member States of the European Union with the law of the European Union.

The proposal of the Czech Republic contained in the above-mentioned note of this Embassy dated 5 January 2009 was based on the same reason, i.e. desire to ensure that all investors from all Member States of the European Union are accorded equal treatment based on the law of the European Union. Like the European Commission, the Czech Republic also considers bilateral investment treaties between Member States of the European Union to be incompatible with the law of the European Union.

Therefore, the Embassy of the Czech Republic in Riga has the honour to request the competent authorities of the Republic of Latvia to reconsider their position to the Czech Republic's proposal of 5 January 2009.

If the Republic of Latvia agrees with the proposal to terminate the Agreement without application of its Article 12, Paragraph 3, the Czech side proposes that this Note and the reply Note of the Latvian side to this Note constitute the *Agreement between the Government of the Czech Republic and the Government of the Republic of Latvia on the Amendments to the Agreement between the Government of the Czech Republic and the Government of the Republic of Latvia for the Promotion and Reciprocal Protection of Investments, signed on 25 October 1994 in Riga, and on the Termination thereof*, which is subject to internal procedures on either side. The Czech Republic and the Republic of Latvia shall notify each other about the completion of their respective internal procedures for its entry into force; it shall enter into force on the first day of the month following the latter of the two notifications. Because of the non-application of Article 12, Paragraph 3 of the Agreement, the Agreement shall, on the day of entry into force of the Termination Agreement, cease to apply to any investments made before the termination of the Agreement.

The Embassy of the Czech Republic in Riga avails itself of this opportunity to renew to the

Ministry of Foreign Affairs of the Republic of Latvia the assurance of its highest consideration.  .

Riga, January 29, 2016



Ministry of Foreign Affairs
of the Republic of Latvia
State Protocol
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