

# **Agreement on mutual encouragement and protection of investments between the Government of the Kyrgyz Republic and the Government of the Islamic Republic of Iran**

The Government of the Kyrgyz Republic and the Government of the Islamic Republic of Iran, hereinafter referred to as the "Contracting Parties";

Wanting to accelerate economic cooperation for mutual benefit for both countries,

With the intention to create and maintain favorable conditions for investments by investors of one Contracting Party in the territory of the other Contracting Party,

Recognizing the need to promote and protect investments of investors of one Contracting Party in the territory of the other Contracting Party,

Have agreed as follows:

## **Article 1. Definitions**

For the purposes of this Agreement:

1. the term "investment" means any kind of property or asset, carried out by investors of one Contracting Party for territory of the other Contracting Party in accordance with the laws and the rules of the latter, including, but not exclusively:

- a) Movable and immovable property and any other rights to property;
- b) share, equity or any other type of participation in the company;
- c) The right of claim for funds that are invested for creation of economic values;
- d) Copyrights, the right to inventions, patents, technologies, industrial designs, trademarks, service marks, company names, know-how and goodwill;
- e) The right to search for, extract or develop natural resources and other rights in the field of business, allowed legislation, contract or decision of the authorities in accordance with the legislation.

2. The term "investor" for each of the Contracting Parties means:

- a) Individuals who, in accordance with the legislation of this Of the Contracting Party shall be treated as citizens;
- b) Legal entities established in accordance with legislation Contracting Parties and carrying out economic activities in the territories of that Contracting Party that invest in territory of the other Contracting Party.

3. The term "Investment Permit" means:

4.

In relation to the Islamic Republic of Iran,

- a) a special document issued by the competent authorities of the Islamic Republic of Iran to investors of the Kyrgyz Republic, indicating that their investments are carried out in accordance with the Law on attraction and protection of foreign investment (ZPZII). Permission to invest can set certain conditions for investment;
- b) in relation to the Kyrgyz Republic, is implied A certificate of registration or any permit issued by governmental body to investors of the Islamic Republic of Iran.

4. Each of the Contracting Parties has a competent authority, for issuing an "Investment Permit":

a) In the Islamic Republic of Iran: Organization for Investment, Economic and Technical Assistance to Iran (OIETPI). Khordad Squared 15, Tehran, Iran;

b) In the Kyrgyz Republic: Governmental bodies duly authorized under the law.

5. The term "Allowed investments" means investments for which in accordance with the laws and regulations of each Contracting Party issued an "Investment Permit" by any Contracting Party, as specified in paragraph 3 of Article 1 above.

6. The term "income" means the amount of investment and, in particular, includes, but not only profit, interest, income from the increase in the value of property, dividends, royalties and remuneration.

7. The term "territory" means:

a) In respect of the Kyrgyz Republic: the territory of the Kyrgyz Republic Republic;

b) With respect to the Islamic Republic of Iran: the territories under the sovereignty and jurisdiction of the Islamic Republic of Iran, and related marine areas.

## **Article 2. Promotion of Investments**

1. Each Contracting Party shall promote and create favorable conditions for its nationals to invest in the territory of the other Contracting Party.

2. Each Contracting Party shall promote and create favorable conditions for investment in its territory for the nationals of the other Contracting Party.

## **Article 3. Approval of Investments**

1. Each Contracting Party shall issue a permit for investing / certificate of registration for investment in their territory of investors of the other Contracting Party in accordance with its laws and regulations.

2. When a Contracting Party shall issue permits for investing / certificate of registration for investment in their territory, it shall provide all required permissions for the realization of such an investment.

## **Article 4. Protection of Investments**

1. Permitted investments of investors of either Contracting Party operate within the territory of the other Contracting Party in accordance with its laws and regulations to give full legal protection and, accordingly, are not less favorable fair treatment than for any other investors of a third country which is in a similar position.

2. If one of the Contracting Parties to provide special advantages to investors of any third state agreements free trade zone formation, customs union, common market or similar regional organizations, or an agreement for the avoidance of double taxation, it is not obliged to provide the same advantages to investors of the other Contracting Party.

## **Article 5. Most Favorable Conditions**

Notwithstanding the terms expressed in this Agreement, more favorable provisions may be or have been accepted by each Contracting Party together with the investor.

## **Article 6. Expropriation and Compensation**

1. Allowed investments of investors of either Contracting Party will not be expropriated, nationalized or subjected to direct or indirectly similar measures by the other Contracting Party, for except in the name of public purpose, non-discriminatory manner by a fast, efficient and adequate compensation in accordance with the law.

2. Compensation for the expropriation of the Permitted Investment will be equal to the value of the investment immediately before expropriation was carried out or became known about its conduct.

3. In case of delay in payment of compensation, the receiving party will pay financial compensation for the delay period, which is period from the date on which payment is to be made to the date actual payment, according to its laws and

regulations

4. All disputes will be settled by compensation in accordance with Article 11 of this Agreement.

## **Article 7. Damages**

Investors of each Contracting Party whose authorized investments suffered as a result of war or any other military conflict, revolution, state of emergency in the country, insurrection or other events in the territory of the other Contracting Party will receive no less favorable treatment of the other Contracting Party Parties than respectively in relation to their investors or investors of any other third country, as appropriate compensation, restitution and indemnity for losses.

## **Article 8. Repatriation and Transfer**

1. Each Contracting Party shall carry out all kinds of transfers relating to the Permitted Investments, freely and without unreasonable delays or outside its territory. Such transfers include:

- a) Income;
- b) The amount of the proceeds from the sale or liquidation of the Permitted Investments or parts thereof;
- c) Compensation in accordance with Articles 6 and 7;
- d) Reimbursement and interest payments received from loans related with to permitted investments;
- e) The remuneration, fees, wages and other benefits, received by nationals of one Contracting Party in the territory the other Contracting Party produced in accordance with Permitted investments;
- f) Payments related to the settlement of investment disputes.

2. Transfers will be implemented without delay, in convertible currency, in which the investment or any originally were implemented or other convertible currency agreed with the investor(s) according to the official exchange rate prevailing on the date when the transfer is made.

## **Article 9. Subrogation**

1. If the resolution of the investor's investment one of the Contracting Parties are insured by the insurance company from the non-trade risk accordance with the legal system of the other Contracting Parties, any subrogation of the insured, which is derived from the conditions insurance agreement will be sent to the other Contracting Party.

2. Such policyholders can not enjoy other rights, different from those which the investors are entitled to carry out.

3. Disputes between the Contracting Parties and the insured must be permitted in accordance with the provisions of Article 12 of this Agreement.

## **Article 10. Compliance**

Each Contracting Party shall constantly guarantee observance of the commitments made with respect to Permitted Investments of investors of the other Contracting Party.

## **Article 11. Settlement of Disputes between a Contracting Party and an Investor**

1. The dispute between the Contracting Parties and one or more investors related to the Permitted Investment, the Contracting Parties and investors will, if possible, be resolved through negotiations and consultations.

2. If, in this way, the dispute is not resolved within six months from the date of its occurrence, it may be referred at the request of each of the Contracting Parties for consideration in an arbitral tribunal, consisting of 3 members elected by the following way:

Each of the Contracting Parties or the investor who participated in the proceedings shall appoint their arbitrator for the trial. These two arbitrators nominate the Chairman. If the Contracting Party or the investor (s) does not appoint its arbitrator within 30 days of receipt of the request for arbitration, the relevant arbitrator will be appointed at the request of the Contracting Party or the investor (s) by the Secretary General of the Permanent Court of Arbitration.

If two arbitrators can not reach agreement within 60 days of the appointment of the second arbitrator for the selection of the chairman, the latter is appointed at the request of each of the Contracting Parties or the investor (s) by the Secretary General of the Permanent Court of Arbitration.

The chairman of the arbitral tribunal shall be a citizen of a third state having diplomatic relations with both Contracting Parties at the time of appointment.

3. The arbitration shall be conducted in accordance with arbitration Rules of the United Nations Commission on International Trade Law (UNCITRAL).

4. The place of arbitration shall be agreed by the contesting parties.

5. Tribunal decisions are final and binding on each of the Contracting Party and the investor(s).

## **Article 12. Settlement of Disputes between the Contracting Parties**

1. If any dispute arising between the Contracting Parties relates to the interpretation or application of this Agreement, the Contracting Parties will first try to resolve the dispute through negotiations and consultations through diplomatic channels.

2. If the Contracting Parties can not reach an agreement within 12 months after the beginning of the dispute, the case, at the request of each of the Contracting Parties, is transferred to the arbitral tribunal of 3 members. Each of the Contracting Parties shall designate one arbitrator and these two arbitrators shall elect a chairman who shall be a citizen of a third State having diplomatic relations with both Contracting Parties at the time of appointment.

3. A Contracting Party that has taken part in the proceedings shall appoint its arbitrator for trial. If the other Contracting Party does not appoint its own arbitrator within 30 days of the receipt of the request for judicial proceedings, the arbitrator will be appointed, at the request of one of the Contracting Parties that initiated the trial, the President of the International Court of Justice.

4. If two arbitrators can not reach an agreement within 60 days of the appointment of the second arbitrator regarding the choice of the chairman, the latter will be appointed at the request of each Contracting Party by the President of the International Court of Justice.

5. If, in the cases referred to in paragraphs 3 and 4 of this article, there are obstacles to the exercise of the above functions by the President of the International Court of Justice or if he is a citizen of one of the Contracting Parties, the appointment will be made by the Vice-President of the International Court of Justice. In the event that there are obstacles to the performance of the above functions, or if he is a national of one of the Contracting Parties, the appointment will be made by a senior member of the International Court of Justice who is not a national of one of the Contracting Parties.

6. The Court shall determine the procedure and venue of the arbitration proceeding from the conditions set by the Contracting Parties.

7. Each Contracting Party shall bear the costs of its membership in the court or its representative office in arbitration proceedings. The costs of the Chairman and other expenses of the Parties shall be divided equally among themselves. Nevertheless, the court can distribute expenses between the Parties in different proportions. The court establishes its procedure.

8. The decisions of the court are final and binding on the Contracting Parties.

## **Article 13. Entry Into Force**

This Agreement shall enter into force on the date of the last notification of one of the Parties of the completion of internal procedures, necessary for its entry into force.

## **Article 14. Duration and Termination**

1. This Agreement shall remain in force for 10 years and would continue to be in force until terminated in accordance with paragraph 2 of this Article.

2. Each Contracting Party may terminate this Agreement by giving written notice to the other Contracting Party 1 year before the expiration of the 10-year period.

3. In respect of investments made or received by termination of this Agreement, the provisions of all other articles, this

Agreement will remain in effect for the next 10-year period from the date of termination.

IN WITNESS WHEREOF, the undersigned, being duly authorized by their respective Governments, have signed this Agreement.

Done in Bishkek July 31, 1996, which corresponds to the 10th month of Mordad 1375, in two copies, each in Kyrgyz, Persian, Russian and English languages, all texts being equally authentic. In case of any discrepancy in the interpretation, priority will be given to the English text.

For the Government of The Kyrgyz Republic

For the Government of the Islamic Republic of Iran