

AGREEMENT BETWEEN THE GOVERNMENT OF THE ISLAMIC REPUBLIC OF IRAN AND THE GOVERNMENT OF SYRIAN ARAB REPUBLIC ON THE PROMOTION AND RECIPROCAL PROTECTION OF INVESTMENTS

PREAMBLE

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

Desiring to establish and intensify economic cooperation to the mutual benefit of both States,

Intending to utilize their economic resources and potential facilities as well as to create and maintain favorable conditions for investments of investors of one Contracting Party in the territory of the other Contracting Party, and

Recognizing the need for the protection of investments of investors of both Contracting Parties in the territory of the other Contracting Party,

Have agreed as follows:

Article 1. Definitions

For the purpose of this Agreement the meaning of the terms used therein are as follows:

1 The term "investment" refers to every kind of property or asset invested by investors of one Contracting Party in the territory of the other Contracting Party in accordance with the national laws and regulations of the other Contracting Party (hereafter referred to as the host Contracting Party):

a Movable and immovable property as well as rights related thereto, such as mortgages, liens, pledges or usufruct;

b Shares or any kind of participation in companies;

c claim to money or to any performance having an economic value;

d Patents, utility models, industrial designs or models, trade marks and names, know-how and goodwill, and other intellectual and industrial property rights.

2 The term "investors" refers to the following persons:

a Natural persons possessing the nationality of one of the Contracting Parties in accordance with its laws, and who do not possess the nationality of the host Contracting Party.

b Legal persons of either Contracting Party which are established under the national laws of that Contracting Party, and their headquarters and their real economic activities are located in the territory of that Contracting Party.

3 The term "certificate of acceptance, certificate of approval" means special license provided by the competent authorities of a Contracting Party to investors of the other Contracting Party demonstrating that their investments have been approved by the host Contracting Party in accordance with its national laws and regulations. The certificate of acceptance, certificate of approval may determine the conditions under which the investment shall be admitted.

4 The competent authorities below in each Contracting Party shall issue a certificate of acceptance, certificate of approval:

a In the Islamic Republic of Iran:

- The Organization for Investment, Economic and Technical Assistance, having the address: Iran, Tehran, 15 Khordad Roundabout.

a In the Syrian Arab Republic:

- The Investment Office, having the address: Syria, Damascus, Baghdad Street.

5 The term "admitted investment" refers to investments that have been issued a certificate of acceptance, a certificate of approval.

6 The term "returns" means investment funds that are obtained legally in particular but not exclusively, profits from investments, interests from financing, capital gains, dividends, fees and royalties.

7 The term "territory" of a Contracting Party:

a In case of Islamic Republic of Iran refers to the areas under the sovereignty or jurisdiction of the Islamic Republic of Iran, including its territorial sea and contiguous zone, continental shelf and the space above them.

b In case of Syrian Arab Republic represents the Syrian Arab Republic in its geographic sense which means the territory of Syrian Arab Republic includes its land territory, internal waters and territorial sea and the airspace above them and the maritime zones beyond the territorial sea over which the Syrian Arab Republic has sovereignty, exercises sovereign rights or exclusive jurisdiction in accordance with its national laws in force and international law.

Article 2. Promotion of Investment

1 Each Contracting Party shall encourage its investors to invest in the territory of the other Contracting Party.

2 Each Contracting Party shall create favorable conditions for investors of the other Contracting Party to attract investment by natural and legal persons of the other Contracting Party in its territory, in accordance with its laws and regulations.

Article 3. Admission of Investment

1 Each Contracting Party shall admit investments of investors of the other Contracting Party in its territory, in accordance with its national laws and regulations.

2 When an investment is admitted, either Contracting Party shall, in accordance with its national laws and regulations, grant the necessary permits for the realization of such an investment.

Article 4. Protection of Investment

1 Investments of investors of either Contracting Party effected within the territory of the other Contracting Party shall receive the host Contracting Party's full legal protection and fair treatment not less favourable than accorded to its own investors or to investors of any third State in like circumstances (whichever is more favourable).

2 If a Contracting Party has accorded or shall accord in future special advantages to investors of any third State by virtue of an existing or future agreement establishing a free trade area, a customs union, a common market or a similar regional organization and/or by virtue of an agreement on the avoidance of double taxation, it shall not be obliged to accord such advantages or rights to investors of the other Contracting Party.

Article 5. More Favorable Provisions

Notwithstanding the terms set forth in this Agreement, more favorable provisions which have been agreed or may be agreed upon by either Contracting Parties with an investor of the other Contracting Party are applicable.

Article 6. Expropriation and Compensation

1 Investments of natural and legal persons of either Contracting Party shall not be nationalized, confiscated, expropriated or subjected to similar measures by the other Contracting Party, except such measures are taken for public purposes, in accordance with due process of law, in a non-discriminatory manner, and upon payment of prompt, effective and fair compensation.

2 The amount of compensation shall be equivalent to the value of investment immediately before the action of nationalization, confiscation or expropriation was taken.

Article 7. Losses

Investors of either Contracting Party whose investments suffer losses due to any armed conflict, war or similar state of emergency in the territory of the other Contracting Party shall be accorded by the other Contracting Party treatment no less favorable than that accorded to its own investors or to investors of any third State whichever is more favourable.

Article 8. Repatriation and Transfer of Capital

1 Each Contracting Party shall, in accordance with its laws and regulations, permit in good faith the following transfers related to investments referred to in this Agreement, to be made freely and without delay out of its territory:

- a Returns;
- b Proceeds from the sale and/or liquidation of all or part of an investment;
- c Royalties and fees related to transfer of technology agreement;
- d Sums paid pursuant to Article 6 and 7 of this Agreement;
- e Loan installments which are related to an investment and paid out of such investment activities;
- f Monthly salaries and wages received by employees of an investor of one Contracting Party who have obtained in the territory of the host Contracting Party, the corresponding work permits related to that investment;
- g Payments arising from a decision of the authority referred to in Article 11.

Article 9. Subrogation

1 If a Contracting Party or its designated agency, within the framework of a legal system, subrogates an investor pursuant to a payment made under an insurance or guarantee agreement against non-commercial risks. Such subrogation shall be recognized by the other Contracting Party.

2 The subrogate shall not be entitled to exercise any rights other than the rights which the investor would have been entitled to exercise.

3 Disputes between the subrogee and the host Contracting Party shall be settled in accordance with Article 11 of this Agreement.

Article 10. Observance of Commitments

Either Contracting Party shall guarantee the observance of the commitments it has entered into with respect to investments of natural and legal persons of the other Contracting Party.

Article 11. Settlement of Disputes between a Contracting Party and an Investor of the other Contracting Party

1 Any dispute between the host Contracting Party and an investor or investors of the other Contracting Party shall as far as possible be settled in an amicable manner through negotiation and consultation.

2 In the event that the dispute with regard to an investment between the investor or investors of a Contracting Party and the other Contracting Party cannot be settled, either party may submit the dispute for settlement in accordance with its national laws and regulations to:

- a The competent courts of the host Contracting Party; or
- b To an Arbitral Tribunal of three members in accordance with the following conditions:

1 The host Contracting Party or the investor(s) of the other Contracting Party who desires to refer to arbitration shall appoint an arbitrator. The two arbitrators thus appointed shall appoint by mutual agreement a third arbitrator, who shall be designated as Chairperson of the Arbitral Tribunal.

2 The arbitrators of the host Contracting Party and the investor(s) must be appointed within thirty days from the receipt of the request for arbitration. If the necessary appointments of arbitrators have not been made in the period specified, either party, may invite the Secretary General of the Permanent Court of Arbitration to make the necessary appointments.

3 If both arbitrators fail to agree the appointment of a Chairperson within sixty days from the receipt of the establishment of the second arbitrator, either party may invite the Secretary General of the Permanent Court of Arbitration to make the appointment for the Chairperson.

4 The Chairperson must be a national of a third country having diplomatic relations with both Contracting Parties.

5 An ad hoc Arbitral Tribunal is to be established under the Arbitration Rules of the United Nations Commission on International Trade Law (UNCITRAL).

6 The arbitration shall take place in Paris.

7 The applicable law to the arbitration shall be the law of the host Contracting Party. However, arbitrators may in any case take the general principles of international law into consideration.

8 The award of the Tribunal shall be final and binding upon both parties to the dispute.

9 The Contracting Party that is a party to the dispute shall never invoke its immunity as defense, certainly during the hearings.

Article 12. Settlement of Disputes between the Contracting Parties

1 All disputes arising between the Contracting Parties relating to the interpretation and application of this Agreement shall, in the first place, be settled amicably through consultations and negotiations.

2 In case of disagreement cannot be settled within twelve months from the date of the start of the dispute, either Contracting Party may, subject to its laws and regulations, while sending a notice to the other Contracting Party, refer the case to an Arbitral Tribunal of three members consisting of two arbitrators appointed by the Contracting Parties. The arbitrators appointed by the Contracting Parties shall appoint a Chairman who must be a national of a third State having diplomatic relations with both Contracting Parties at the time of the appointment.

3 Each of the two Contracting Parties shall appoint an arbitrator within thirty days from the date on which the request for arbitration is received. If the other Contracting Party is unable to appoint an arbitrator within the specified period, the President of the International Court of Justice shall be invited to make the necessary appointment.

4 If the arbitrators appointed by the Contracting Parties are unable to appoint a Chairman within sixty days from the date of the appointment of the second arbitrator either party, may invite the President of the International Court of Justice to make the necessary appointments.

5 In the events referred to in paragraph 3 and 4, if the President of the International Court of Justice is prevented from carrying out the said function or if he is a national of either Contracting Party, the appointment shall be made by the Vice-President of the International Court of Justice, and if the Vice-President is also prevented from carrying out the said function or he is a national of either Contracting Party, the appointment shall be made by the senior member of the said court who is not a national of either Contracting Party.

6 Taking all other conditions that Contracting Parties have agreed to, the Tribunal shall lay down its own procedures and determine the place of arbitration.

7 The decisions of the Arbitration Tribunal shall be final and binding on both Contracting Parties.

Article 13. Entry Into Force

This Agreement shall, in accordance with the related laws and regulations of the Contracting Parties, be ratified and shall enter into force from the date of receipt of the last of the two notifications by which the Contracting Parties shall communicate officially to each other that their respective ratification procedures have been completed.

Article 14. Term and Termination

1 This Agreement is valid for a period of ten years and shall remain in force thereafter unless it will be terminated pursuant to paragraph 2 of this Article.

2 Each of the Contracting Parties may notify the other Contracting Party in writing of its intention to terminate this Agreement at the end of the first period of ten years or any time after that.

3 After the expiration of the validity or termination of this Agreement its provisions shall apply to investments under this Agreement for a further period of ten years.

In witness whereof, the undersigned, being duly authorized by their respective Governments, have signed this Agreement.

This Agreement is done in duplicate at Damascus on February 5, 1998 corresponding to 16th Bahman 1376 in Persian, Arabic and English languages and all texts are equally authentic. In case of divergence of interpretation, the English text shall prevail.

Signature of the Government of the Islamic Republic of Iran

Signature of the Government of Syrian Arab Republic