AGREEMENT BETWEEN THE GOVERNMENT OF THE LEBANESE REPUBLIC AND THE GOVERNMENT OF THE ISLAMIC REPUBLIC OF IRAN ON THE RECIPROCAL PROMOTION AND PROTECTION OF INVESTMENT

The Government of the Lebanese Republic and the Government of the Islamic Republic of Iran hereinafter referred to as the "Contracting Parties".

Desiring to intestify economic cooperation to the mutual benefit of both States;

Intending to create and maintain favourable conditions for investments of the nationals of the Contracting Parties in each others' territory and;

Recognizing the need to promote and protect investments of the nationals of the Contracting Parties in each others' territory;

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, including the following, invested by the investors of one Contracting Party in the territory of the other Contracting Party in accordance with the laws and regulations of the other Contracting Party (hereinafter referred to as the host Contracting Party):

(a) Movable and immovable property as well as rights related thereto;

(b) Shares or any kind of participation in companies;

(c) Money and/or receivables;

(d) Industrial and intellectual property rights such as patent, utility models, industrial designs or models, trade marks and names, know-how and goodwill;

(e) Rights to search for, extract or exploit natural resources as well as other business rights given by law, by contract or by decision of the authority in accordance with the law.

2. The term "investors" refers to the following persons who invest in the territory of the other Contracting Party within the framework of this Agreement:

(a) Natural persons who, according to the laws of either Contracting Party, are considered to be its national and have not the nationality of the host Contracting Party.

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

3. The term "returns" refers to the amounts legally yielded by an investment including profit derived from investments, dividends, royalties and fees.

4. The term "territory" refers to areas under the sovereignty or jurisdiction of either Contracting Party, as the case may be, and includes their maritime areas.

Article 2. Promotion of Investments

1. Either Contracting Party shall encourage its nationals to invest in the territory of the other Contracting Party.

2. Either Contracting Party shall, within the framework of its laws and regulations, create favourable conditions for attraction of investments of nationals of the other Contracting Party in its territory.

Article 3. Admission of Investments

1. Either Contracting Party shall admit investments of natural and legal persons of the other Contracting Party in its territory in accordance with its laws and regulations.

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

Article 4. Protection of Investments

1. Investments of natural and legal persons 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 that accorded to its own investors or to investors of any third state whichever is more favourable.

2. If a Contracting Party has accorded or shall accord in future special advantages or rights to investor(s) 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 arrangement on the avoidance of double taxation, it shall not be obliged to accord such advantages or rights to investors of the other Contracting Party.

3. Notwithstanding the provisions setforth in this article, it remains clear that the acquisition of real estate by an investor of one Contracting Party in the territory of the other Contracting Party shall be made in accordance with the relevant laws and regulations in force in the host Contracting Party.

Article 5. More Favourable Provisions

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

Article 6. Other Obligations

If the legislation of either Contracting Party or obligations under international law existing at present or established hereafter between the Contracting Parties in addition to this Agreement contain a regulation, whether general or specific, entitling investments by investors of the other Contracting Party to treatment more favourable than is provided for by this Agreement, such legislation shall, to the extent that it is more favourable, prevail over this Agreement.

Article 7. Expropriation and Compensation

1. Investments of natural and legal persons of either Contracting Party shall not be nationalized, confiscated, expropriated or subjected, directly or indirectly, 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 and effective compensation.

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

Article 8. Losses

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

Article 9. Repatriation and Transfer

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 Articles 7 and/or 8 of this Agreement;

(e) Loan installments related to an investment provided that they are paid out of such investment activities;

(f) Monthly salaries and wages received by the employees of an investor who have obtained in the territory of the host Contracting Party, the corresponding work permits related to that investments;

(g) Payments arising from a decision of the authority referred to in Article 13.

2. The above transfers shall be effected in a convertible currency and at the current rate of exchange in accordance with the exchange regulations prevailing on the date of transfer.

3. The investor and the host Contracting Party may agree otherwise on the mechanism of repatriation or transfers referred to in this Article.

Article 10. Subrogation

If a Contracting Party or its designated agency subrogates an investor pursuant to a payment made under an insurance or guarantee agreement against non-commercial risks:

(a) Such subrogation shall be recognized, by the other Contracting Party;

(b) The subrogee shall not be entitled to exercise any rights other than the rights which the investor would have been entitled to exercise;

(c) Disputes between the subrogee and the host Contracting Party shall be settled in accordance with Article 13 of this Agreement.

Article 11. Observance of Commitments

Either Contracting Patty shall guarantee the observance of the commitments it has entered into through this Agreement with respect to investments of natural or legal persons of the other Contracting Party.

Article 12. Scope of the Agreement

This Agreement shall apply to investments approved by the competent authorities of the host Contracting Party.

The competent authority in the Islamic Republic of Iran is "the Organization for Investment, Economic and Technical Assistance of Iran" (O.I.E.T.A.I.).

Article 13. Settlement of Disputes between a Contracting Party and Investor(s) of the other Contracting Party

1. If any dispute arises between the host Contracting Party and investor(s) of the other Contracting Party with respect to an investment, the host Contracting Party and the investor(s) shall primarily endeavour to settle the dispute in an amicable manner through negotiation and consultation.

2. In the event that the host Contracting Party and the investor(s) can not agree within six months from the date of notification of the claim by one party to the other, either of them may refer the dispute to the competent courts of the host Contracting Party or with due regard to their own laws and regulations, to an arbitral tribunal of three members referred to in paragraph 5 below.

3. A dispute primarily referred to the competent courts of the host Contracting Party, as long as it is pending, cannot be referred to arbitration save with the parties agreement; and in the event that a final judgment is rendered, it cannot be referred to arbitration.

4. National courts shall not have jurisdiction over any dispute referred to arbitration. However, the provisions of this

paragraph do not bar the winning party to seek for the enforcement of the arbitral award before national courts.

5. The host Contracting Party or the investor(s) who desires to refer the dispute to the arbitration shall appoint an arbitrator through a written notice sent to the other Party. The other Party shall appoint an arbitrator within sixty days from the date of receipt of the said notice and the appointed arbitrators shall within sixty days from the date of the last appointment, appoint the umpire. In the event that each party fails to appoint its arbitrator within the mentioned period and/or the appointed arbitrators fail to agree on the umpire, each of the parties may request the Secretary General of the Permanent Court of Arbitration to appoint the failing party's arbitrator or the umpire, as the case may be.

6. The umpire shall always be appointed amongst nationals of a state having diplomatic relations with both Contracting Parties.

7. The Contracting Party which is a party to the dispute shall at no time whatsoever during the arbitral proceedings or the execution of the award assert as a defence its immunity.

8. The arbitration shall be conducted according to the arbitration rules of the United Nations Commission on International Trade Law (UNCITRAL).

9. The place of arbitration shall be decided by the umpire.

10. The decision of the arbitral tribunal shall be binding on the parties to the dispute.

Article 14. Settelemet of Disputes between the Contracting Parties

1. All disputes arising between the Contracting Parties relating to the interpretation or application of this Agreement shall, in the first place, be settled amicably by consultation. In case of disagreement, either Contracting Party may subject to its laws and regulations, while sending a notice to the other Party, refer the case to an arbitral tribunal of three members consisting of two arbitrators appointed by the Contracting Parties and an umpire.

In case the dispute is referred to the arbitral tribunal, either Contracting Party shall appoint an arbitrator within sixty days from the receipt of the notification and the arbitrators appointed by the Contracting Parties shall appoint the umpire within sixty days from the date of last appointment. If either Contracting Party does not appoint its own arbitrator or the appointed arbitrators do not agree on the appointment of the umpire within the said periods, each Contracting Party may request the President of the International Court of Justice to appoint the arbitrator of the failing party or the umpire, as the case may be.

However the umpire shall be a national of a state having diplomatic relation with both Contracting Parties.

2. In case the umpire is to be appointed by the President of the International Court of Justice, 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 if 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.

3. Subject to other provisions agreed by the Contracting Parties, the arbitral tribunal shall determine its procedure and the place of arbitration.

4. The decisions of the arbitral tribunal shall be binding on the Contracting Parties.

Article 15. Validity of the Agreement

1. This Agreement shall be approved/ ratified by the competent authorities of each Contracting Party.

2. This Agreement shall enter into force for a period of ten years after 30 days from the date of the last notification of either Contracting Party to the other Contracting Party that it has fulfilled necessary measures in accordance with its laws and regulations for the entry into force of this Agreement. After the said period, this Agreement shall remain in force thereafter unless one of the Contracting Parties notifies the other Contracting Party in writing of its unwillingness to continue with it, six months prior to the expiration or termination thereof.

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

Article 16. Language and Number of the Texts

This Agreement is done in....., in the Arabic, Persian and English Languages, all texts being equally authentic. In case of divergence of interpretation the English text shall prevail.

Signed in Tehran on October 28, 1997 corresponding to Aban 6, 1316 by representatives of the Government of the Lebanese Republic and the Government of the Islamic Republic of Iran.

For the Government of the Lebanese Republic

For the Government of the Islamic Republic of Iran