AGREEMENT BETWEEN THE GOVERNMENT OF THE ISLAMIC REPUBLIC OF PAKISTAN AND THE GOVERNMENT OF THE SULTANATE OF OMAN ON THE RECIPROCAL PROMOTION AND PROTECTION OF INVESTMENTS

The Government of the Islamic Republic of Pakistan and the Government of the Sultanate of Oman,

Hereinafter referred to as the Contracting Parties,

Desiring to strengthen the economic cooperation between both countries and to create favourable conditions for Omani investments in Pakistan and Pakistani investments in Oman,

Convinced that the promotion and protection of these investments would stimulate transfers of capital and technology between the two countries in the interest of their economic development,

Have agreed as follows:-

Article 1.

For the purpose of this agreement:

1.1 The term "Investment" shall mean every kind of assets effected as investment in accordance with the laws of the Contracting Party which accepts investment in its territory and shall include in particular:-

a) Moveable and immovable property, and any rights in rem.property, and any rights in rem.

b) Shares in companies and any other forms of interests in these companies.

c) Title to money or any other performance having an economic value.

d) Copy rights, industrial property rights and technical Process and Know how.

e) Concessions conferred by law including concessions to explore or exploit natural resources.

1.2 The term (Nationals) means natural persons having the nationality of either Contracting Party

1.3 The term (Company) means corporations, firms and associations incorporated or constituted under the laws and rules in force in both countries.

1.4 The term "returns" means all amounts produced by investment, such as profits, royalties and interests during the project life. Investment and reinvestment returns shall enjoy the same protection as the investment.

1.5 The term "territory" shall mean:

(i) In respect of Oman: lands, maritime areas and territortal waters and beyond over which the Sultanate of Oman has sovereign rights in accordance with its local law and the international Law.

(ii) "The term Pakistan means Pakistan as defined in the constitution of the Islamic Republic of Pakistan and includes any area outside the territorial water of Pakistan which under the laws of Pakistan and in accordance with international law is an area within which right of Pakistan with respect to Seabed and Sub-soil and their natural resources may be exercised"

Article 2.

Each Contracting party shall admit and encourage in its territory and maritime areas, in accordance with its applicable laws

and regulations and with the provisions of this agreement, investments by nationals or companies of the other Contracting Party.

Article 3.

Either Contracting Party shall extend fair and equitable treatment to investments made by nationals or companies of the other Contracting Party in its territory or maritime areas.

Article 4.

Each Contracting Party shall apply in its territory or maritime areas, to the nationals and companies of the other party, with respect to their investments and activities related to the investments, the most-favoured-nation treatment granted to the nationals and companies of a third country.

This treatment shall not include the privileges granted by one Contracting Party to nationals or companies of a third country by virtue of its participation or membership in a free trade zone, customs union, common market or any other form of regional economic organization.

Article 5.

5.1 The investment made by nationals or companies of one Contracting Party shall enjoy full and complete protection and safety in the territory and maritime areas of the other Contracting Party.

5.2 Neither Contracting Party shall take any measures of confiscation or nationalization, or any other measures having the effect of expropriation, direct or indirect, against the investments of nationals or companies of the other Contracting Party in its territory and maritime areas, except in the public interest and provided that these measures are not discriminatory, or made under the law and against effective compensation.

5.3 Investments of nationals of one Contracting Party in the country of the other Contracting Party which suffer losses due to war or other armed conflict, or civil riots such as revolution, insurrection and violence of public nature having similar effect shall be accorded by the latter Contracting Party the treatment not less favourable than that it accords to its own nationals or to nationals of any third country, whichever is more favourable to the investors concerned.

Article 6.

Each Contracting Party, in the territory or in the maritime areas of which the investment have been made by nationals or companies of the other Contracting Party, shall guarantee to these nationals and companies the free transfer of :

a) Interests, dividends, profits and other current income,

b) Royalties derived from incorporal rights as defined in section 1.1(d) and (e),section 1.1(d) and (e),

c) Repayment of loans which have been regularly contracted,

d) Value of partial or total liquidation of the investment, including capital gains on the capital invested,

e) Compensation for expropriation or loss described in section 5.2 and 5.3 above,section 5.2 and 5.3 above,

f) Earnings of nationals of the other Contracting Party generated from their business or services with respect to their investments in its territory in accordance with the laws and regulations of either Party. Transfer in each of the foregoing paragraphs shall be promptly effected in convertible currencies.

Article 7.

In the event that the regulations of either Contracting Party contain a guarantee for investments made abroad, this guarantee may be accorded after examining each particular case to investments made in the territory or in the maritime areas of the other Contracting Party by nationals or companies of this Contracting Party.

Article 8.

Any dispute concerning the investment occurring between one Contracting Party and a national or company of the other

Contracting Party shall be settled amicably between the two parties concerned.

If the dispute has not been settled by the Parties to the dispute within a period of six months from the date at which it occurred, it shall be submitted at the request of either of these Parties to the arbitration of the Arbitral Tribunal referred to in Article 11 of this Agreement.

Article 9.

If one Contracting Party, as a result of a guarantee given for an investment made in the territory of the other Contracting Party, makes payments to its own nationals or companies, the first mentioned party has in this case full rights of subrogation with regard to the rights and actions of the said national or company. The said payments shall not affect the rights of the beneficiary of the guarantee to recourse to the Arbitral Tribunal referred to in Article 11 of this Agreement.

Article 10.

Without prejudice to the provisions of this agreement, investments having formed the subject of a special commitment of one Contracting Party with respect to nationals or companies of the other Contracting Party, shall be governed by terms of the said commitment if the latter includes provisions more favourable than those of the present agreement.

Article 11.

11.1 Disputes concerning the investments and disagreements relating to the interpretation or application of this agreement should be settled through diplomatic channels.

11.2 If the dispute or disagreement has not been settled within a period of six months from the date on which the matter was raised by one Contracting Party, it may be submitted at the request of either Contracting Party to an Arbitral Tribunal.

11.3 The said Tribunal shall be created as follows for each specific case:- Each Contracting Party shall appoint one arbitrator, and the two arbitrators thus appointed shall appoint by mutual agreement a third arbitrator, who must be a national of a third country, and who shall be designated as Chairman of the Tribunal. All the Arbitrators must be appointed within two months from the date of notification by one Contracting Party to the other Contracting Party of its intention to submit the disagreement to arbitration.

11.4 If the periods specified in section 11.3 above have not been met, either Contracting Party shall invite the President of the International Court of Justice to make the necessary appointment. If the President of the International Court of Justice is a national of either Contracting Party, or if he is otherwise prevented from discharging the said function, the Vice-President, who is not a national of either Contracting Party, shall make the necessary appointments.

11.5 The Tribunal shall arrive at its decisions by majority of votes. The decisions of the said Tribunal shall be final and legally binding upon the Contracting Parties. The Tribunal shall set its own rules of procedures. It shall interpret its judgment at the request of either Contracting Party. Unless otherwise decided by the Tribunal, in special circumstances, the legal costs, including the fees of the arbitrators, shall be shared equally between the Contracting Parties.

Article 12.

Each Contracting Party shall notify the other of the completion of its legal procedures required concerning the entry into force of this agreement, which shall enter into force one month after the date of receipt of the final notification. This agreement shall be in force for an initial period of ten years and shall remain in force thereafter for a similar period or similar periods unless one of the Contracting Parties gives a written notice of termination at least one year prior to the date of its expiry. In case of termination of the period of validity of this agreement, investments made while it was in force shall continue to enjoy the protection provided by its provisions for an additional period of twenty years or till the completion of the investments whichever ends first.

Done in duplicate at Muscat on this 9th day of Rajahb 1418 H. corresponding to 9th day of November 1977 in Arabic and English languages, all texts being equally authentic.

In case of any divergency, the English text shall prevail.

For the Government of The Islamic Republic of Pakistan

For the Government of The Sultanate of Oman