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## **Agreement Between the Government of the Sultanate of Oman And the Government of the Republic of Bulgaria On the Promotion and Reciprocal Protection of Investments**

The Government of the Sultanate of Oman and the Government of the Republic of

Bulgaria (hereinafter referred to as the "Contracting Parties" and each referred to as the "Contracting Party").

Desiring to expand and strengthen the existing economic cooperation between both countries for their mutual benefits and create favourable conditions to increase investments by investors of one of the Contracting Parties in the territory of the other Contracting Party.

Recognizing that the promotion and reciprocal protection of investments would be conducive to the stimulation of business initiatives and transfer of capital and technology between the two countries in the interest of their economic development;

Have agreed as follows:

### **Article 1. Definitions**

For the purposes of the this Agreement, unless the context of this Agreement otherwise requires, the following words shall have the meaning assigned before each:

1 - Investment: every kind of assets invested by an investor of one Contracting Party in the territory of the other Contracting Party in accordance with the laws and regulations of the latter, and shall include in particular though not exclusively:

A - movable and immovable property as well as any other property rights in rem such as mortgages liens and pledges;

B - shares, stocks, securities and any other forms of participation in companies;

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C - titles to money and claims to a legal performance under contract having an economic value and any other titles to money;

D - intellectual property rights, as defined in the multilateral agreements concluded under the auspices of the World Intellectual Property Organization, in as far as both Contracting Parties are parties to them, including, but not limited to copyrights and related rights, patents, trade marks, trade names, industrial designs and rights in technical processes, rights in plants varieties, know-how and goodwill;

E - concessions and licences conferred by law or under contract, including concessions to search for extract, exploit or cultivate natural resources.

Any alteration of the form in which assets are invested or reinvested shall not affect their qualification as investments provided that such alteration is not in conflict with the provisions of this Agreement and the legislation of the Contracting Party on the territory of which the investment is made.

2 - Returns: all the amounts yielded by an investment or reinvestment, in particular

Though not exclusively includes profits, interests, capital gains, dividends, royalties and fees.

3 - Investor:

A - any natural person having the nationality of one of the Contracting Parties in accordance with its laws; and

B - any company, organization, partnership or other forms of association incorporated or constituted in accordance with the legislation of one Contracting Party and having its seat in the territory of this Contracting Party.

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4 - "Territory" means:

A - in respect of the Sultanate of Oman:

The land, territorial waters, maritime area and air space under its sovereignty, including the exclusive economic zone and the continental shelf where the Sultanate of Oman exercises sovereign rights and jurisdiction in accordance with its domestic law and the provisions of International Law.

B - in respect to the Republic of Bulgaria:

^e territory of the Republic of Bulgaria including the territorial sea, as well as the continental shelf and the exclusive economic zone over which the Republic of Bulgaria exercises sovereign rights and jurisdiction in conformity with International Law.

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

1 - Each Contracting Party shall promote and create favorable conditions for the

Investors of the other Contracting Party to invest capital in its territory and shall admit such investments in accordance with its legislation and with the provisions of this Agreement.

2 - In case of reinvestment of returns from an investment, these reinvestments

And their returns shall enjoy the same treatment and protection as the initial investments.

3 - Each Contracting Party shall in accordance with its applicable laws and

Regulations accord to the investor and whose work relates to investment such as experts, administrators, technicians and labourmen the necessary facilities and permits for entry, exit, residence and labor.

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## **Article 3. Treatment of Investments**

1 - Investments and returns of investors of either Contracting Party shall be

Accorded fair and equitable treatment and enjoy full protection and security in the territory of the other Contracting Party.

2 - Each Contracting Party shall in its territory accord to investments and returns

Of investors of the other Contracting Party treatment not less favourable than that which it accords to investments and returns of its own investors or to investments and returns of investors of any third state, whichever is more favourable to the investor.

3 - Each Contracting Party shall in its territory accord to investors of the other

Contracting Party treatment not less favourable than that which it accords to its own investors or to investors of any third state with respect to management, maintenance, operation, enjoyment or disposal of their investments, whichever is more favourable to the investor.

4 - Provisions of paragraphs (2) and (3) of this Article shall not be construed so as to

Oblige one Contracting Party to extend to the investors of the other Contracting Party the benefits of any treatment, preference or privilege resulting from:

A - any membership or affiliation to present or future free trade area, customs, economic and monetary union, common market or any form of regional and international economic cooperation.

B - any Agreements on Avoidance of Double Taxation or any other form of agreements or matters related to taxation.

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5 - The provisions of paragraph (2) of this Article shall not oblige either Contracting

Party to accord investors of the other Contracting Party the same treatment that it accords to its own investors with regard to ownership of land, real estates and obtaining grants and soft loans.

6 - If the provisions of domestic law of either Contracting Party or obligations under

Present or future international agreements applicable between the Contracting Parties or other international agreements, to which they are parties, contain regulations, whether general or specific, entitling investments by investors of the other Contracting Party to a treatment more favourable than is provided for by the present Agreement, such regulations shall to the extent that are more favourable prevail over the present Agreement.

7 - Without prejudice to paragraph (4) of this Article, it is understood that after the

Accession of the Republic of Bulgaria to the European Union, the benefit of any treatment, preferences or privileges resulting from such accession shall not be extended to the investors of the other Contracting Party.

## **Article 4. Nationalization and Expropriation**

1 - Investments of investors of either Contracting Party shall not be nationalized, expropriated or subjected to any measures having effect equivalent to nationalization or expropriation (hereinafter referred to as "expropriation") in the territory of the other Contracting Party except for a public purposes related to internal needs, on a non discriminatory basis in accordance with the applicable laws in that Contracting Party.

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2 - Any measures for expropriation shall include prompt, adequate and effective

Compensation to be calculated on the basis of the market value of the investments immediately before the decision for expropriation was announced or became publicly known, whichever is earlier. Where the market value cannot be readily ascertained, the compensation shall be determined in accordance with the generally recognized principles of valuation and on equitable principles taking into account, inter alia, the capital invested, depreciation, replacement value and other relevant factors.

3 - The amounts of compensation, as mentioned in paragraph (2) of this Article,

shall be determined and paid without delay and shall carry an annual rate of interest equal to 3 months LIBOR quoted for the currency in which the investments have been made from the date of expropriation until the date of payment.

4 - Investors of either Contracting Party whose investments have been affected by

Expropriation, shall be entitled to prompt review of their case in relation to the valuation of its investment and the payment of compensation in accordance with the provision of this Article, by a judicial authority or any other competent authority of the host Contracting Party for the investment.

## **Article 5. Compensation for Losses**

1 - Investors of one Contracting Party whose investments have sustained losses due to war or any other armed conflict, revolution, national state of emergency, revolt, insurrection or riot occurring on the territory of the latter Contracting Party, shall be accorded by the latter Contracting Party, as regards restitution, indemnification, compensation or other settlement, treatment not less favourable than that granted to its own investors or investors of any third state, whichever is more favourable to the investors concerned.

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2 - The provision of paragraph (1) of this Article shall apply to investors of one Contracting Party who in any of the situations referred to in that paragraph suffer losses in the territory of the other Contracting Party resulting from:

A - requisitioning of their property by the forces or authorities of the latter Contracting Party, or

B - destruction of their property, by the forces or authorities of the latter Contracting Party, which was not caused in combat

action or was not required by the necessity of the situation.

## **Article 6. Transfers**

1 - Each Contracting Party, on the territory of which the investment has been made by investors of the other Contracting Party, shall guarantee to these investors the free transfer of:

A - returns;

B - proceeds from the total or partial sale and/or liquidation of any investment by an investor of the other Contracting Party, after payment of their financial obligations;

C - funds in repayment of loans related to investment;

D - wages, remunerations and accruals of nationals of the other Contracting Party and nationals of any other third state who are allowed to engage in activities related to investment made in its territory;

E - compensation paid pursuant to Article (4) and (5);

F - capital and additional capital amount being used to maintain, increase or expand existing investments and any other amounts appropriated for coverage of expenses connected with the management of the investments.

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2 - All transfers shall be made without delay in a freely convertible currency at the market rate of exchange applicable on the date of transfer. A transfer shall be deemed to have been made "without delay" if effected within such period as is normally required for the completion of transfer formalities. The said period shall commence on the day on which the relevant request has been submitted and may, in no event, exceed two months.

## **Article 7. Subrogation**

If one Contracting Party or its designated agency made payments to one of its own investors under an indemnity, guarantee or insurance contract against investment made in the territory of the other Contracting Party, the first mentioned Party or its designated agency shall have, in this case, full rights of subrogation with regard to the rights, actions and claims of that investor, to the same extent as its predecessor in title.

## **Article 8. Special Commitment**

Investments having formed the subject of a special commitment of one Contracting Party, with respect to the investors of the other Contracting Party, shall be governed, without prejudice to the provisions of this Agreement, by the terms of the said commitment if the latter includes provisions more favourable than those of this Agreement.

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## **Article 9. Settlement of Disputes between an Investor and a Contracting Party**

1 - Any dispute concerning investments between one Contracting Party and an

Investor of the other Contracting Party shall, if possible, be settled amicably by negotiations between the two parties concerned.

2 - If such dispute cannot be settled within a period of three months from the date

Of receipt of request for settlement, the dispute may be submitted at the request of the investor to:

A - ^e competent court of the Contracting Party in whose territory the investment has been made; or

B - International arbitration under:

I - ^e rules of arbitration of the United Nations Commission on

International Trade Law (UNCITRAL), or

II - The International Center for the Settlement of Investment Disputes,

Set upon by the Convention of Investment Disputes between States and Nationals of other States done at Washington, March 18 th 1965 (ICSID), or

III - An international arbitrator or ad hoc arbitral tribunal to be established

Upon an agreement between the parties to the dispute.

C - Any other form of dispute settlement agreed upon by the parties to the dispute.

3 - If an investor concerned with the dispute decides to submit the case to one of

The authorities mentioned in paragraph (2) of this Article, then he shall have no right to submit it to any other authority.

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4 - Awards issued by an arbitral tribunal shall be final and legally binding upon the

Parties to the disputes and each Contracting Party shall execute these awards in accordance with its domestic laws.

5 - A Contracting Party which is a party to a dispute shall not at any stage of

Arbitration proceeding or enforcement of an arbitration award, raise the objection that the investor who is the other party to the dispute has received an indemnity to cover all or part of its losses by virtue of an indemnity, guarantee or insurance contract.

## **Article 10. Settlement of Disputes between the Contracting Parties**

1 - Dispute between the Contracting Parties concerning the interpretation or

Application of this Agreement shall be, if possible, settled by negotiations through diplomatic channels.

2 - If such a dispute has not been settled within a period of six months from the

Date on which such negotiations were requested by either Contracting Party, it shall, upon the request of either Contracting Party, be submitted to an arbitral tribunal.

3 - Such an arbitral tribunal shall be constituted for each individual case in the

Following way:

Within two months of the receipt of the request for arbitration, each Contracting Party shall appoint one arbitrator, and those two arbitrators shall then select a member from a third state, which maintains diplomatic relations with both Contracting Parties, and who on approval by the two Contracting Parties, shall be appointed as Chairman of the tribunal, within a period of two months from the date of appointment of the other two arbitrators.

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4 - If the appointment of arbitrators has not been made within the period specified

In paragraph (3) of this Article, either Contracting Party may, in the absence of any other agreement, invite the president of the International Court of Justice to make the necessary appointments. If the President is a national of either Contracting Party or is otherwise prevented from discharging the said function, the Vice-President shall be invited to make the necessary appointments. If the Vice-President is a national of either Contracting Party or is prevented from discharging the said function, the member of the International Court of Justice next in seniority who is not a national of either Contracting Party shall be invited to make the necessary appointments.

5 - The arbitral tribunal shall decide on the dispute in accordance with the provisions

Of this Agreement and the principles of International Law.

6 - The arbitral tribunal shall reach its decisions by a majority of votes and these

Decisions shall be final and legally binding upon the Contracting Parties. The arbitral tribunal shall set its own rules of

procedures and each Contracting Party shall bear the cost of its own member and of its representation in the arbitration proceedings; the cost of the chairman shall be borne in equal shares by both Contracting Parties unless the arbitral tribunal decides otherwise.

## **Article 11. Application of the Agreement**

This Agreement shall apply to all investments, whether made prior to or after its entry into force, but shall not apply to any dispute arising or any claim concerning investments before the entry of this Agreement into force.

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## **Article 12. Consultation**

Each Contracting Party may propose to the other Contracting Party consultation on any matter relating to this Agreement. Any issues agreed upon by the Contracting Parties shall be made in a form of separate Protocols being an integral part of this Agreement and shall enter into force in accordance with the provisions of Article (13) of this Agreement.

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

1 - This Agreement shall enter into force on the latter date on which either

Contracting Party receives written notification through diplomatic channels that the legal procedures for the entry into force of this Agreement have been fulfilled.

2 - This Agreement shall remain in force for a period of fifteen (15) years and

shall continue in force thereafter for successive periods of ten (10) years unless either Contracting Party notifies the other Contracting Party, in writing through diplomatic channels of its intention to terminate this Agreement, twelve months before its expiration.

3 - In respect of investments made prior to the date of termination of the present

Agreement, the provisions of Articles (1) to (12) shall continue to be effective for a further period of fifteen (15) years from the date of termination of the Agreement.

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

Done in duplicate at Saturday on this 15 day of Muharram 1428H, corresponding to 3 day of February 2007, in the Arabic, Bulgarian, and English languages, all texts being equally authentic. In case of divergence in interpretation the English text shall prevail

For the Government of The Sultanate of Oman

Amed bin Abdulnabi Macki Minister of National Economy Deputy chairman of the Financial Affairs and Energy Resources Council

For the Government of The Republic of Bulgaria

Rumen Ovcharov Minister of Economy and Energy

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