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

The Government of the Islamic Republic of Pakistan and the Government of the Republic of Yemen (hereafter referred to as the Contracting Parties);

DESIRING to intensify economic cooperation between the two countries, and intending to create and maintain favorable conditions for capital investment by investors of one Contracting Party in the territory of the other Contracting Party; and acknowledging that offering encouragement and mutual protection to such investment, based on the investment laws and regulations in effect in both Contracting Parties, and this Agreement, will continue to stimulating investment ventures, which foster the prosperity of both Contracting Parties,

Hereby agree as follows:

Article 1. Definitions

For the purposes of duty Agreement:

1. The team "investment" shall mean any kind of property of asset invested after the entry into force of this agreement by an investor (or investor) of one Contracting Party in the territory of the other Contracting Party accepted by that Contracting Party as "investment" in conformity with law and regulations of that Party. Without [illegible text] the generality of the foregoing the term "investment" comprise, in particular, but not exclusively;

a) Movable and immovable property as well as rights related thereto to the extent that if can be invested:

b) Shares, debentures, equity holdings, securities or any other form of participation in companies;

c) Credit for [illegible text] of money or any service right having an economic value connected with an investment, as well as reinvested incomes and capital gains;

d) Copyright, commercial trade marks, patents, industrial designs and other intellectual and industrial property rights, know-how, trade secrets, trade names and goodwill which are connected with an investment;

e) Any economic rights accruing by law or by contract and any license and franchise granted in accordance with the provisions in force on economic activities.

f) Any increases in value of the original investment.

2. The term "investor" shall mean any natural person or legal entity of one Contracting Party investing in the territory of the other Contracting Party.

3. The term "natural person" in reference to either Contracting Party, shall mean any natural person holding the citizenship or nationality of that state in accordance with its laws.

4. The term "legal entity" in reference to either Contracting Party, shall mean any entity legally established in the territory of that Party and the majority of the capital of which is owned by a natural person or legal entity of that Party, and which has its real together with its real economic activity in the territory of that Contracting Party regardless of the legal form of that entity.

5. The term "returns" shall mean the money legally yielded by an investment as a result of its activity in the Contracting Party involved, including in particular profits, interests, capital gains, dividends, royalties, or payments for assistance and technical services.

6. The term "territory" shall mean, in addition to the zones contained within the land boundaries as defined in the Constitution of each Contracting Party the maritime zones. The latter shall also comprise the marine and submarine zones over which the Contracting Parties-exercise sovereignty, sovereign rights and jurisdictional rights, under their national laws and international law.

Article 2. Promotion and Protection of Investment

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

2. Each Contracting Party shall encourage its nationals, to invest in the territory of the other Contracting Party.

3. Investor's of one of Contracting Party shall have the right to invest in the territory of the other Contracting Party, no less favourable than the one granted as per Article-3.Article-3.

4. Both Contracting Parties shall at all times ensure just and fair treatment of the investments of investors of the other Contracting Party. Both Contracting Parties shall ensure that the management maintenance, use, transformation, enjoyment or assignment of the investment effected in their territory by investors of the other Contracting Party, as well as companies and enterprises in which these investments have been effected, shall in no way be subject to unjustified or discriminatory measures.

Article 3. National Treatment and the Most Favored Nation Clause

1. Both Contracting Parties, within the bounds of their own territory, shall offer investment effected by, and the returns accruing to investors of the other Contracting Party full legal protection and fair treatment no less favorable than that accorded to investments effected by, and returns accruing to, its own nationals, or investors of third States.

2. In case, from the legislation of one of the Contracting Parties, or from the international obligations in force or that may come in to force for the future for one of the Contracting Parties, should come out a legal framework according to which the investors of the other Contracting Party would be granted a more favourable treatment that the one foreseen in this Agreement the treatment granted to the investors of such other Parties will apply to investors of the relevant Contracting Party also for the outstanding relationships.

3. The provisions under point 1 and 2 of this Article do not refer to the advantages and privileges which one Contracting Party may grant to investors of third state by virtue of its membership of a Customs or Economic Union, a Common Market, a Free Trade Area, a regional or subregional agreement, an international multilateral economic agreement or under Agreements signed in order to prevent double taxation or to facilitate cross border trade.1 and 2 of this Article do not refer to the advantages and privileges which one Contracting Party may grant to investors of third state by virtue of its membership of a Customs or Economic Union, a Common Market, a Free Trade Area, a regional or subregional agreement, an international multilateral economic agreement or under Agreements signed in order to prevent double taxation or to facilitate cross border trade.

Article 4. Nationalization or Expropriation

1. The investments to which this Agreement relates shall not be subject to any measure which might limit the right of ownership, possession, control or enjoyment of the investments, permanently or temporarily, save where specifically provided by national or local legislation or regulations, or by final decision of court of Tribunals having jurisdiction.

2. Investments of investors of one of the Contracting Parties shall not be nationalized, expropriated, requisitioned or subjected to any measures having equivalent effect in the territory of the other Contracting Party, except for public purposes or national interest. However, such measures shall be subject to prompt and adequate compensation and on condition that these measures are taken on a non-discriminatory basis.

3. The just compensation shall be established on the basis of real market values in accordance to the laws as may be decided by a judgment. In case of delay of the payment from this date the value of compensation shall be reconsidered according to the price of the present date and place.

4. Compensation will be considered as prompt if it takes place without undue delay.

5. An investor of either party that asserts that all or part of its investment has been nationalized or expropriated, shall have a right to prompt review by the appropriate judicial or administrative authorities of the Contracting Party where the investment was established, to determine whether any such expropriation or nationalization has in fact occured and, if so whether such expropriation or nationalization and any compensation thereof conforms to the laws and regulation and to

the provisions of this Agreement, and to decide all other matters relating thereto.

6. In the absence of an Agreement between the investor and the authority responsible, the amount of compensation will be calculated according to the procedures for the Settlement of Disputes in Article 9 of this Agreement. Compensation will be freely transferable.Article 9 of this Agreement. Compensation will be freely transferable.

7. The provisions of paragraph 2, of this Article shall also apply to profits accruing to an investment.paragraph 2, of this Article shall also apply to profits accruing to an investment.

8. If after nationalization or expropriation the investment concerned is not utilized, wholly or partially, for that purpose, the investor is entitled to repurchasing the investment at the market price.

Article 5. Compensation for Damage or Losses

Should investors of one of the Contracting Parties incur losses or damages on their investments in the territory of the other Contracting Party due to war, other forms of armed conflict, a state of emergency, civil strive or a riot, or other similar events, the Contracting Party in which the investment has been effected shall offer the investor treatment in respect of compensation from such losses or damages which will not be less favourable than that offered to its own nationals.

Article 6. Repatriation of Capital, Profits and Returns

1. Each Contracting Party shall allow the investors of the other Contracting Party to transfer abroad, without undue delay in any convertible currency and according to the laws and regulations applicable to investment, the following:

a) Invested capital including reinvested returns, used to maintain and increase investment;

b) The net income, dividends, royalties payments for assistance and technical services, interests and other profits gained by investment;

c) Income deriving from the total or partial sale or the total or partial liquidation of an investment;

d) Funds to repay loans connected to an investment and the payment of the related interests;

e) Remuneration and allowances paid to nationals of the other Contracting Party for work and services performed in relation to an investment effected in the territory of the other Contracting Party, in the amount and manner prescribed by the national legislation and regulations in force.

2. Without restricting the scope of Article 3 of this Agreement, the Contracting Parties undertake to apply to the transfers mentioned in paragraph 1 of this Article the same favourable treatment that is accorded to investments effected by investors of third state.Article 3 of this Agreement, the Contracting Parties undertake to apply to the transfers mentioned in paragraph 1 of this Article the same favourable treatment that is accorded to investments effected by investors of third state.

Article 7. Transfer Procedures

1. The transfers referred to in Article 4 and 6 shall be allowed without undue delay and in all events, within six months after all fiscal obligations have been met.Article 4 and 6 shall be allowed without undue delay and in all events, within six months after all fiscal obligations have been met.

2. The fiscal obligation under the previous paragraph are deemed to be complied with when the investor has fulfilled the procedures provided for by the law of the Contracting Party on the territory of the State in which the investment has been made.

Article 8. Subrogation

1. In the event that one Contracting Party or an institution thereof has provided a guarantee in respect of non-commercial risks for the investment effected by one of its investors in the territory of the other Contracting Party, and has effected payment to said investor on the basis of that guarantee, the said Contracting Pparty or its institution which provided the guarantee has the right to subrogate the investor in all his rights given to him by virtue of laws and this Agreement.

2. Such guarantor 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 Contracting Party in which the investment is made and such guarantor shall be settled in accordance with the provisions of Article 9 of this Agreement.Article 9 of this Agreement.

Article 9. Settlement of Disputes between Investors and Contracting Parties

1. Any disputes which may arise between one of the Contracting Parties and the investors of the other Contracting Party on investments, including disputes relating to the amount of compensation, shall be settled amicably as far as possible.

2. In case the investor and one entity of the other Contracting Parties have stipulated an investment agreement, the procedure foreseen in such investment Agreement shall apply.

3. In the event that such dispute cannot be settled amicably within six months of the date of the written application for settlement, the investor in question may submit the dispute for settlement to:

a) The Government of the Contracting Party within whose territorial jurisdiction investment is made or

b) An ad hoc arbitration tribunal, in compliance with the arbitration laws of the Contracting Party in which the investment is made or:

c) The UN Commission on the International Trade law (UNCITRAL), by mutual consent of the investor and the Contracting Party concernedUN Commission on the International Trade law (UNCITRAL), by mutual consent of the investor and the Contracting Party concerned

d) The International Center for Settlement of Investment Disputes for the implementation of the arbitration procedures under the Washington Convention of 18 March 1965 on the settlement of investment disputes between States and nationals of other States, if or as soon as both the Contracting Parties have acceded to it.Convention of 18 March 1965 on the settlement of investment disputes between States and nationals of other States, if or as soon as both the Contracting Parties have acceded to it.

4. Both Contracting Parties shall refrain from negotiating through diplomatic channels any matter relating to an arbitration procedure or judicial procedures underway until these procedures have been concluded and one of the Contracting Parties has failed to comply with the ruling of the Arbitration Tribunal or the Court of law within the period envisaged by the ruling, or else within the period which can be determined on the basis of international or domestic law provisions which can be applied to the case.

Article 10. Settlement of Disputes between the Contracting Parties

1. Any disputes which may arise between the Contracting Parties relating to the interpretation and application of this agreement shall, as far as possible, be settled amicably through diplomatic channels.

2. In the event that the dispute cannot be settled within six months of the date on which one of the Contracting Parties notifies, in writing, the other Contracting Party, the dispute shall at the request of one of the Contracting Parties, be submitted to Arbitration Tribunal as provided in this Article.

3. The Arbitration Tribunal shall be constituted of three arbitrators. Each Contracting Party shall appoint one arbitrator, within two months from the time a request for arbitration from one Party is received by the other. The two arbitrators shall, within three months, choose the third arbitrator. Such third arbitrator shall act as the presiding arbitrator of the Tribunal.

4. If, within the period specified in paragraph 3 of this Article, the appointments have not been made each of the two Contracting Parties can, in default of other arrangement, ask the President of the International Court of Justice to make the appointments. In the event that the President of the Court is a national of one of the Contracting Parties or if is, for any reason, unable to make the appointments, the application shall be made to the Vice-President. If for any reason the Vice President of the Court is a national of one of the Contracting Parties, or is unable to make the appointment the most senior member of the International Court of Justice, who is not a national of one of the Contracting Parties, shall be requested to make the appointments.paragraph 3 of this Article, the appointments have not been made each of the two Contracting Parties can, in default of other arrangement, ask the President of the International Court of Justice to make the appointments. In the event that the President of the Court is a national of one of the Contracting Parties or if is, for any reason, unable to make the appointments, the application shall be made to the Vice-President. If for any reason the Vice President of the Court is a national of one of the Contracting Parties, or is unable to make the appointment the most senior member of the International Court of Justice, who is not a national of one of the Contracting Parties, shall be requested to make the appointments.

5. The Arbitration Tribunal shall take decision by a majority vote, and its decisions shall be binding. Both Contracting Parties shall pay the, costs of their own arbitrators and of their representative at the hearings. The Presidents costs and any other costs shall be divided equally between the Contracting Parties.

6. The Arbitration Tribunal shall lay down its own procedures.

Article 11. Relations between Governments

The provisions of this Agreement shall be applied irrespective of whether or not the Contracting Parties have diplomatic or consular relations.

Article 12. Application of other Provisions

1. If a matter is governed both by this Agreement and by another international agreement to which both Contracting Parties are signatories, the most favorable provisions shall be applied to the Contracting Parties and to their investors.

2. Whenever the treatment accorded by one Contracting Party to the investors of the other Contracting Party, according to its laws and regulations or other provisions of specific contract, investment authorization or agreement, is more favorable than that provided under this Agreement, the most favorable treatment shall apply to that specific case.

Article 13. Entry Into Force

This Agreement shall enter into force from the date on which the two Contracting Parties notify each other that their respective constitutional procedures have been completed.

Article 14. Duration and Expiry

1. This Agreement shall remain valid for a period of 10 years from the date of the notification under Article 13 and shall remain in force for a further period of 5 years thereafter, until one of the Contracting Parties give notice in writing to the Other, not later than one year before its expiry date, of its intention to terminate it.Article 13 and shall remain in force for a further period of 5 years thereafter, until one of the Contracting Parties give notice in writing to the Other, not later than one year before its expiry date, of its intention to terminate it.

2. In the case of investment effected prior to the expiry dates, as provided under paragraph 1 of this Article, the provisions of the Article 1 to 13 shall remain effective for a further ten years after the aforementioned dates.paragraph 1 of this Article, the provisions of the Article 1 to 13 shall remain effective for a further ten years after the aforementioned dates.

DONE at Islamabad THIS _____ the day of May, One thousand nine hundred and ninety nine in two copies in English.

FOR THE GOVERNMENT OF THE ISLAMIC REPUBLIC OF PAKISTAN