AGREEMENT between THE REPUBLIC OF SERBIA AND THE UNITED ARAB EMIRATES ON THE PROMOTION AND RECIPROCAL PROTECTION OF INVESTMENTS

The Republic of Serbia and the United Arab Emirates (hereinafter the "Contracting Parties"),

Desiring to promote greater economic co-operation between them, with respect to investments made by investors of one Contracting Party in the territory of the other Contracting Party;

Recognising that agreement on the promotion and reciprocal protection to be accorded to such investment will stimulate the flow of capital and the economic development of the Contracting Parties;

Agreeing that a stable framework for investments will maximise effective utilisation of economic resources and improve living standards;

Understanding that promotion of such investment requests co-operative efforts of the investors of one Contracting Party and the other Contracting Party;

Have agreed as follows:

Article 1. Definitions

For the purposes of this Agreement:

1. The term "investor" means in respect of either Contracting Party:

a. a natural person, who is a national of a Contracting Party in accordance with its laws and regulations and who makes an investment in the territory of the other Contracting Party;

b. a legal entity which is incorporated, constituted and otherwise duly organise under the laws and regulations of that Contracting Party having its headquarters in the territory of that Contracting Party and making investments in the territory of the other Contracting Party. Government of Contracting party.

2. The term "investment" means every kind of asset invested, established or acquired 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 in particular, though not exclusively, shall include: «

a. movable and immovable property as well as any other rights, such as ' mortgages, pledges, usufructs and similar rights;

b. stocks, shares and other forms of participation in companies;

c. returns reinvested, debentures, claims to money or any other rights to legitimate performance having financial value related to an investment;

d. intellectual property rights, including copyrights and related rights, industrial property rights, trademarks, patents, industrial designs and technical processes, rights in plants varieties, know-how, trade secrets, trade names and goodwill;

e. rights to engage in economic and commercial activities conferred by law, by administrative act or by virtue of a contract. Natural resources shall not be covered by this Agreement.

Any change of the form in which assets are invested or reinvested shall not affect their character as an investment, provided that such change is not contrary to the approvals granted, if any, to the assets originally invested.

3. The term. "returns" means income deriving from an investment and includes, in particular, but not exclusively profits, dividends, capital gains, interests, royalties and any other fees,

4, The term: "freely convertible currency" shall mean any currency that is any widely used in international transactions and is traded in prinicipal exchange markets.

5, The term "territory" means in respect to:

a. The Republic of Serbia: means the area over which the Republic of Serbia exercises, in accordance with its national laws and regulations and international law, sovereign rights and jurisdiction, and when used in a geographical sense it means the territory of the Republic of Serbia;

b. The United Arab Emirates: the territory of the United Arab Emirates, its territorial sea, airspace and submarine areas over which the United Arab Emirates exercises in accordance with international law and the law of United Arab Emirates sovereign rights; including the Exclusive Economic Zone and the mainland and islands under its jurisdiction in respect of any activity carried on in its water, seabed and subsoil in connection with the exploration for or the exploitation of the natural resources by virtue of its law and international law.

Article 2. Promotion and Encouragement of Investments

1. Each Contracting Party shall encourage and create favourable conditions for investors of the other Contracting Party to make investments in its territory and shall admit such investments in accordance with its laws and regulations.

In order to encourage mutual investment flows, each Contracting Party shall endeavour as far as possible to inform the other Contracting Party, at the request of either Contracting Party of the investment opportunities in its territory.

Article 3. Protection of Investments

1. Investments and returns of investors of either Contracting party made in accordance with its laws and regulations shall at all times be accorded fair and equitable treatment and shall enjoy full protection and security in the territory of the other Contracting Party.

2. Neither Contracting party Shall hamper, by arbitrary or. discriminatory measures, the development, management, usem expanasion sale and if it's the case, the liquidation of such investments.

3. In accordance with its laws and regulations, each Contracting Party shall as far as possible make publicly available, its laws, regulations that pertains to investments.Each Contracting Party shall in accordance with its laws and regulations ensure to investors of the other Contracting Party the tight of access to its courts of justice, administrative tribunals and agencies and all other judicial authorities.

4. Reinvestment of a profit gained from an investment performed in accordance with law of a Contracting Party in which territory initial investment had been performed, shall enjoy the same protection as well as the initial investment.

5. In case of liquidation of an investment, the proceeds from liquidation shall be accorded the same protection and treatment.

Article 4. National and Most Favoured Nation Treatment

1. Each Contracting Party shall accord in its territory to investments and returns of investors of the other Contracting Party a treatment no 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 investors concerned.

2. Each Contracting Party shall accord in its territory to the investors of the other Contracting Party with regard to acquisition, development, management, maintenance, use, expansion, sale or other disposal of their investment, a treatment which is no less favourable than that which it accords to. its own investors or to investors of any third State, whichever is more favourable to the investors concerned.

3. Neither Contracting Party shall in its territory impose mandatory measures on investments by investors of the other Contracting Party, concerning the purchase of materials, means of production, operation, transport, marketing of its products or similar orders having unreasonable or discriminatory effects.

This paragraph shall not apply to measures taken in accordance with the laws and regulations in the course of government procurement of goods and services at any level of the government of the Contracting Party.

4. The provisions of paragraphs 1 and 2 of this Article shall not be construed so as to oblige one Contracting Party to be submitted to any other mechanism of dispute settlement with investor of other Contracting Party except those explicitly

provided in the Article 9 of this Agreement.

5. Notwithstanding any other bilateral investment agreement the Contracting parties have signed with other States before or after the entry into force of this Agreement, the most favoured nation treatment shall not apply to procedural of judicial matters.

6. The provisions of paragraph 1 and 2 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 benefit of any treatment, preference or privilege which may be extended by the former Contracting Party by virtue of:

a. any existing or future customs union or economic or monetary union, free trade area or similar international agreements to which either of the Contracting Party is or may become a party in the future;

b. any international agreement or arrangement, wholly or partially related to taxation.

Article 5. Compensation for Damage or Loss

1. When investments made by investors of either Contracting Party suffer loss or damage owing to war or other armed conflict, civil disturbances, state of national emergency, revolution, riot or similar events in the territory of the other Contracting Party they shall be accorded by the latter Contracting Party treatment, as regards restitution, compensation or other settlement, not less favourable than the treatment that the latter Contracting Party accords to its own investors or to investors of any third State, whichever is more favourable to the investors concerned.

2. Without prejudice to paragraph 1 of this Article, investors of one Contracting Party who in any of the events referred to in that paragraph suffer damage or loss in the territory of the other Contracting Party resulting from:

a) requisitioning of their property or part thereof by its forces or authorities;

b) destruction of their property or part thereof by its forces or authorities which was not caused in combat or was not required by the necessity of the situation,

shall be accorded, prompt, adequate and effective compensation or restitution for the damage or loss sustained during the period of requisitioning or as a result of destruction of their property. Resulting payments shall be made in freely convertible currency and be freely transferable without delay.

Article 6. Expropriation

1. A Contracting Party shall not expropriate or nationalise directly or indirectly in its territory an investment of an investor of the other Contracting Party or take any measures having equivalent effect (hereinafter referred to as "expropriation") except if the following conditions occur simultaneously:

a. for a purpose which is in, the public interest,

b. on a non-discriminatory basis,

¢. in accordance with due process of law, and

d. accompanied by payment of, prompt, adequate and effective compensation.

2. Compensation shall amount, to the fair market value of the investment expropriated immediately before the expropriation or impending expropriation became known, whichever is the earlier.

3. Where the fair market value cannot be ascertained, the compensation shall be determined in equitable manner taking into account all relevant factors and circumstances, such as the capital invested, the nature and duration of the investment, replacement, book value and goodwill.

4. Compensation shall be paid without delay, be effectively realizable and freely transferable.

5. An investor of a Contracting Party affected by the expropriation carried out by the other Contracting Party shall have the right to prompt review of its case, including the valuation of its investment and the payment of compensation, in accordance with the provisions of this Article, by a judicial authority. or another competent and independent authority of the latter Contracting Party.

6. Where a Contracting Party expropriates the assets of a legal entity that is constituted in its territory according to its taws

and regulations and in which investors of the other Contracting Party participate, it shall ensure that the provisions of this Article are applied in a way that it guarantees such investors adequate and effective compensation.

Article 7. Transfers

1. In accordance with its laws and regulations in force in the territory of the Contracting Party, each Contracting Party shall, upon payment of all fiscal and other financial obligations of investors of the other Contracting Party, guarantee to the investors of the other Contracting Party, free transfers of amounts to money related to their investments including in particular, though not exclusively:

a. initial capital and additional amounts to maintain or increase an investment;

b. returns;

c. proceeds from the sale or liquidation of all or any part of an investment;

d. payments of compensation under Articles 5 and 6 of this Agreement;

e. payments under Article 8 of this Agreement;

f. payments arising out of the settlement of an investment dispute;

g. earnings and other remuneration of personnel engaged from abroad in connection with an investment.

h. Profits and returns of national airlines.

2. Each Contracting Party shall ensure that the transfers under paragraph 1 of this Article are made. without unreasonable delay and in a freely convertible currency, at the market rate of exchange prevailing on the date of transfer and under the laws and regulations in force in the territory of the Contracting Party where investments have been made. In the absence of a market for foreign exchange, the rate to be used shall be the most recent exchange rate for the conversions of currencies into Special Drawing Rights.

3. Notwithstanding paragraph 1 and 2 of this Article, a Contracting Party may in accordance with its laws and regulations, in good faith and in equitable and non-discriminatory manner temporarily prevent the transfers to apply its laws and regulations relating to:

a- protection of creditors in bankruptcy proceedings; and

b- criminal offences.

Article 8. Subrogation

1. If one Contracting Party or its designated agency (for the purpose of this Article: the "guarantor") makes a payment under an indemnity given in respect of an investment in the territory of the other Contracting Party, the latter Contracting Party shall recognise:

a. the assignment to the guarantor by law or by legal transaction of all the rights and claims of the party indemnified; and

b. that the guarantor is entitled to exercise such rights and enforce such claims by virtue of subrogation, to the same extent as the party indemnified, and shall assume the obligations related to the investment,

2. The guarantor shall be entitled in all circumstances to:

a. the same treatment in respect of the rights, claims and obligations acquired by it, by virtue of the assignment; and

b. any payments received in pursuance of those rights and claims

as the party indemnified was entitled to receive it by virtue of this Agreement, in respect of the investment concerned and its related returns,

3. The subrogated rights or claims shall not exceed the original rights or claims of the investor.

4. Notwithstanding paragraph 1 of this Article, subrogation shall take place in the Contracting Party only after the approval of the competent authority of-that Contracting Party.

Article 9. Settlement of Disputes between a Contracting Party and an Investor of the other Contracting Party

1. An investor that has a dispute with a Contracting Party should initially attempt to settle it through negotiations.

2. To start negotiations, the investor shall deliver to the Contracting Party a written notice. The notice shall specify:

a. the name and address of the disputing investor;

b. the provisions of this Agreement alleged to have been breached;

c. the factual and legal basis for the claim; and

d. the remedy sought and the amount of damages claimed.

3. When required by the Contracting Party, if the dispute cannot be settled amicably within six months from the moment of receipt of the written notice, it shall be submitted to the competent authorities of that Contracting Party or arbitration centers thereof, for conciliation.

4. If the dispute cannot be settled amicably within six months from the moment of receipt of the written notice or from the start of the conciliation referred to in paragraph 3 of this Article, the dispute shall upon the request of the investor be settled as follows:

a- by a competent court or other authorised body of the Contracting Party in whose territory the investment is made; or

b- If the dispute cannot be settled within six months from the date of submission to the competent court or other authorised body, either party to the dispute may submit the claim to the International centre for the settlement of Investment Disputes (ICSID), in accordance with the Convention on the Settlement of Investment Disputes between States and Nationals of Other States, open for signature since 18.March.1965 in Washington DC, or ad hoc arbitral tribunal established in accordance to the Arbitration Rules of the United Nations Commission on International Trade Law (UNCITRAL), with a headquarters established in the State of respondent, designation authority in accordance with the paragraph 2 of Article 6 of the Arbitration rules, shall be Court of Arbitration of the International Chamber of Commerce, or Court of Arbitration of the International Chamber of Commerce (ICC), with the place of arbitration in Paris/Geneva.

c- At any stage during the cooling off period or the proceeding of the tribunals, the parties to the dispute shall withdraw the case if they come to an agreement for settlement of the dispute amicably.

5. The arbitration decisions shall be final and binding for the Parties to the dispute. Each Contracting Party undertakes to execute the decisions in accordance with its national law,

6. When the investor and any designated entity of a Contracting Party or its local government have concluded an agreement concerning the investments of the investor, the dispute settlement procedure stipulated therein shall apply.

Article 10. Settlement of Disputes between the Contracting Parties

1. Disputes between the Contracting Patties concerning the interpretation or application of this Agreement shall. be settled as far as possible by negotiations.

2. If a dispute under paragraph 1 of this Article cannot be settled within six months it shall upon the request of either Contracting Party be submitted to an arbitral tribunal of three members.

3. Such arbitral tribunal shall be constituted ad hoc. Each Contracting Party shall appoint one member and these two members shall agree upon a national of a third State as their chairman. Such members shall be appointed within two months from the date one Contracting Party has informed the other Contracting Party of its intention to submit the dispute to an arbitral tribunal, the chairman of which shall be appointed within two further months.

4. If the periods specified in paragraph 3 of this Article are not observed, either Contracting Party may, in the absence of any other relevant arrangement, invite the President of the International Court of Justice to make the necessary appointments. If the President of the International Court of Justice is a national of either of the Contracting Parties or if he is otherwise prevented from discharging the said function, the Vice-president or in case of his inability the member of the International Court of Justice next in seniority according to the Rules of the Court should be invited under the same conditions to make the necessary appointments. The appointed judge should be a national of a State that has diplomatic relations with the Contracting parties.

5. The arbitral tribunal shall establish its own rules of procedure unless the Contracting Parties decide otherwise.

6. The arbitral tribunal shall reach its decision in virtue of this Agreement and pursuant to the rules of international law. It shall reach its decision by a majority of votes; the decision shall be final and binding.

7. Each Contracting Party shall bear the costs of its own member and of its legal representation in the arbitration proceedings. The costs of the chairman and the remaining costs shall be borne in equal parts by both Contracting Parties. The tribunal may, however, in its award determine another distribution of costs.

Article 11. Application of other Rules

Without prejudice to Article 4, if the legislation of either Contracting Party or obligations between the Contracting Parties under international law existing at present or established hereafter between the Contracting Parties, in addition to this Agreement, contain rules whether general or specific, entitling investments made by investors of the other Contracting Party to a treatment more favourable than is provided for by this Agreement, such rules shall to the extent that they are more favourable to the investor, prevail over this Agreement.

Article 12. Application of the Agreement

This Agreement shall apply to investments made prior to or after the entry into force of this Agreement, but shall not apply to any investment dispute that may have arisen nor any claim that was settled before its entry into force , however the ongoing dispute before the entry into of this Agreement shall be settled by this Agreement.

Article 13. Consultations

The Contracting Parties shall, on the request of either, hold consultations on any matter relating to the implementation or application of this Agreement. These consultations shall be held on the proposal of one of the Contracting Parties at a place and a time to be agreed upon through diplomatic channels.

Article 14. Limitation of Benefits

1. Benefits of this Agreement shall not be available to an investor who obtains a nationality of a third party, for the purpose of obtaining the benefits under this Agreement that would not otherwise be available to him.

2. Prior to denying the benefits of this Agreement, the denying Contracting Party shall notify the other Contracting Party.

Article 15. Entry Into Force, Amendments, Duration and Termination

1. This Agreement shall enter into force on the date of receipt of the latter notification through diplomatic channels by which either Contracting Party notifies the other Contracting Party that its internal legal requirements for the entry into force of this Agreement have been fulfilled.

2. This Agreement may be amended in writing by the mutual consent of the Contracting Parties: Such amendments shall enter-into force according to the same procedure as the Agreement.

3. This Agreement shall remain in force for a period of ten years and shall be extended thereafter for following ten years periods unless, one year before the expiration of the initial or any subsequent period, either Contracting Party notifies the other Contracting Party of its intention to terminate the Agreement. In that case, the termination shall become effective by the expiration of current period of ten years.

4. In respect of investments made prior to the date when the termination of this Agreement becomes effective, the provisions of this Agreement shall continue to be effective for a period of ten years from the date the termination of this Agreement became effective.

5. This Agreement shall apply irrespective of the existence of diplomatic or consular relations between the Contracting Parties.

In witness whereof, the undersigned duly authorised have signed this Agreement.

Done at Abu Dhabi on 17/2/2013 in duplicate, in the Serbian, Arabic and English languages, all three texts being equally authentic, In a case of divergence of interpretation, the English text shall prevail.

FOR THE REPUBLIC OF SERBIA

Aleksandar Vucie

First Vice President of the Government & Minister of Defense

FOR THE UNITED ARAB EMIRATES

Abdullah bin Zayed Al Nahyan

Minister of Foreign Affairs