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| English text - Tenth anniversary |

AGREEMENT

ON RECIPROCAL PROMOTION AND PROTECTION OF INVESTMENTS BETWEEN THE GOVERNMENT OF THE REPUBLIC OF CYPRUS AND THE GOVERNMENT OF THE ISLAMIC REPUBLIC OF IRAN

PREAMBLE

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

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

Intending to utilize their economic resources and potential facilities in the area of investments as well as to create 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 investors 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 asset, including the following, invested by the investors of one Contracting Party in the territory of the other Contracting Party

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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 such as mortgages, liens and pledges;

(b) shares or any kind of participation in companies or enterprises;

(c) title to money or to any performance having economic value and associated with an investment;

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

(e) rights to perform economic activities conferred by law or by virtue of a contract, including rights to search for, extract or exploit natural resources.

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 constituted or incorporated in compliance with the law of that Contracting Party and having their seat together with real economic activities in the territory of the same Contracting Party.

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

4. The term territory;

In the case of the Republic of Cyprus refers to its land territory and territorial waters as well as the exclusive economic zone and the continental shelf that extend outside the limits of the territorial waters over which it has or may have jurisdiction and/or sovereign rights, pursuant to international law.

In the case of the Islamic Republic of Iran refers to areas under its sovereignty or jurisdiction, as the case may be and includes their maritime areas.

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Article 2. Promotion of Investments

J. 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.

3. A possible change in the form in which the investment has been made does not affect their character as investments, provided this change is in conformity with the laws and regulations of the host Contracting Party. The alteration or transformation of an investment is to be considered a new 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 of any third State whichever is more favourable to the investor concerned.

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2. If a Contracting Party has accorded or shall accord in future special advantages or rights to investors 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. Nothing in this Agreement shall prevent either Contracting Party from applying new measures adopted within the framework of one of the forms of regional cooperation referred to in paragraph 2 of this Article which replace the measure previously applied by that 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. Expropriation and Compensation

1. Investments of natural and legal persons of either Contracting Party shall not be nationalized, confiscated, expropriated or subjected, to similar measures by the other Contracting Party except if such measures are taken for public interest, in accordance with due process of law, in a non-discriminatory manner and effective and appropriate compensation is envisaged. The amount of compensation shall be paid without delay otherwise it shall include related charges, in accordance with international practice, from the date of expropriation until the date of payment.

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

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3. The investor affected shall have the right, under the law of the Contracting Party making the expropriation, to prompt review, by a judicial authority or other competent and independent authority of that Contracting Party, of its case, including the valuation of its investment and the payment of compensation, in accordance with the principles set out in this Article.

Article 7. Losses

1. 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 whichever is more favourable to the investors concerned.

2. Notwithstanding paragraph 1, an investor of one Contracting Party who, in any situations referred to in that paragraph, suffers a loss in the territory of the other Contracting Party resulting from:

(a) requisitioning of its investment or part thereof by the latter's forces or authorities; or

(b) destruction of its investment or part thereof by the latter's forces or authorities, which was not required by the necessity of the situation, shall be accorded by the latter Contracting Party restitution or compensation which in either case shall be prompt, appropriate and effective.

Article 8. Repatriation and Transfer

1. Each Contracting Party shall permit in particular, though not exclusively, the following transfers related to investments referred to in this Agreement, to be made freely and without delay out of its territory, in accordance with the regulations concerning the procedure of the transfer:

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(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 6 and/or 7 of this Agreement;

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

(f) salaries and wages and other remuneration 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 12.

2. The above transfers shall be effected in a freely convertible currency and at the prevailing rate of exchange applicable 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 9. Subrogation

If a Contracting Party or its designated agency, within the framework of a legal system, subrogates an investor pursuant to a payment made under an indemnity, insurance or guarantee agreement against non-commercial risks:

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

(b) the subrogee may 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 11 of this Agreement.

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Article 10.

SCOPE OF THE AGREEMENT

This Agreement shall apply to investments made prior as well as after its entry into force by investors of one Contracting Party in the territory of the other Contracting Party provided that they have been approved, if so required by the relevant laws and regulations of the host Contracting Party, by the competent authorities of that Contracting Party. However this Agreement shall not apply to the disputes which arose before its entry into force.

The competent authority in the Islamic Republic of Iran is Organization for Investment, Economic and Technical Assistance of Iran (O.

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I.) or the agency which may succeed it.

Article 11. Settlement of Disputes between a Contracting Party and Investors of the other Contracting Party

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

2. If these disputes cannot be settled amicably within six months from the date of the written notification mentioned in paragraph 1, the investor may submit the dispute to:

- The competent court of the Contracting Party in whose territory the investment was made; or

* the Arbitral Tribunal of the Chamber of Commerce in Stockholm; or

- The Arbitral Tribunal of the International Chamber of Commerce in Paris; or

- The International Center for the Settlement of Investment Disputes (ICSID) established by the Convention of 18 March 1965 on the Settlement of Investment

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Disputes between States and Nationals of Other States (provided that both Contracting Parties have acceded to the said Convention); or - Ad hoc Tribunal to be established under the arbitration rules of the United Nations Commission on International Trade Law (UNCITRAL).

3. The arbitral tribunal shall determine its procedure and the place of arbitration unless otherwise agreed by the Parties to the dispute.

4. The arbitral tribunal shall decide the dispute in accordance with the provisions of this Agreement and the applicable rules and principles of international law. The awards of arbitration shall be final and binding on both parties to the dispute. Each Contracting Party shall carry out without delay any such award and such award shall be enforced in accordance with domestic law,

Article 12.

SETTLEMENT 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. If an Agreement is not reached within 6 months from the start of negotiations, either Contracting Party, while sending a notice to the other Party, may refer the case to an arbitral tribunal of three members consisting of two arbitrators appointed by the Contracting Parties and a Chairman.

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 Chairman 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 Chairman 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 Chairman, as the case may be.

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However, the Chairman shall be a national of a state having diplomatic relations with both Contracting Parties at the time of the appointment.

2. In case the Chairman 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 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.

5. Each Contracting Party shall bear the costs of its own arbitrators and those connected with representing it in the arbitration proceedings. The other costs including those of the Chairman, shall be borne in equal parts by the two Contracting Parties.

Article 13. Validity of the Agreement

1. This Agreement shall be approved/ratified by the competent authorities of each Contracting Party in accordance with their laws and regulations.

2. This Agreement shall enter into force for a period of fifteen years after 30 days from the date of the last notification of either Contracting Party to the other Contracting Party that it has fulfilled the necessary procedure 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 thereof.

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3. This Agreement shall not prejudice the right of offering of either of the Contracting Parties to amend in whole or in part this Agreement at any time during its period of validity.

4. In such an eventuality, if the Contracting Parties do not reach agreement on any modification of this Agreement within six months after a written request by the Contracting Party seeking such modification to the other Contracting Party, the Agreement shall continue to remain in force.

5. With respect to investments made prior to the date of termination of this Agreement, the provisions of all of the other Articles of this Agreement shall thereafter continue to be effective for further period of fifteen years from the date of termination.

Article 14. Language and Number of the Texts

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

Signed in Tehran on.2!^. MWH iXQ^ by representatives of the Government of the Republic of Cyprus and the Government of the Islamic Republic of Iran.

For the Government of the Republic of Cyprus

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Antonis Paschalides Minister of Commerce Industry and Tourism

For the Government of the Islamic Republic of Iran

Shams uddin Hosseini Minister of Economy and Finance