

# AGREEMENT BETWEEN THE REPUBLIC OF TURKEY AND THE REPUBLIC OF SOUTH AFRICA CONCERNING THE RECIPROCAL PROMOTION AND PROTECTION OF INVESTMENTS

The Republic of Turkey and the Republic of South Africa

(hereinafter jointly referred to as the "Parties", and in the singular as a "Party"),

Desiring to promote greater economic cooperation between them, particularly with respect to investment by investors of one Party in the territory of the other Party,

Recognizing that agreement upon the treatment to be accorded such investment will stimulate the flow of capital and technology and the economic development of the Parties,

Agreeing that fair and equitable treatment of investment is desirable in order to maintain a stable framework for investment and maximum effective utilization of economic resources, and

Having resolved to conclude an agreement concerning the encouragement and reciprocal protection of investments,

Hereby agree as follows:

## Article 1. Definitions

In this Agreement;

1. "Investor" means:

(a) Any natural persons deriving their status as nationals of either Party according to its applicable domestic law,

(b) Corporations, firms or business associations incorporated or constituted under the domestic law in force of either of the Parties and having their headquarters in the territory of that Party.

2. "Investment", in conformity with the hosting Party's domestic law, shall include every kind of asset in particular, but not exclusively:

(a) Shares, stocks or any other form of participation in companies,

(b) Returns reinvested, claims to money or any other rights having financial value related to an investment.

(c) Movable and immovable property, as well as any other rights as mortgages, liens, pledges and any other similar rights as defined in conformity with the laws and regulations of the Party in whose territory the property is situated,

(d) Industrial and intellectual property rights such as patents, industrial designs, technical processes, as well as trademarks, goodwill, know-how and other similar rights,

(e) Business concessions conferred by law or by contract including concessions to search for, cultivate, extract or exploit natural resources.

The said term shall refer to all direct investments made in accordance with the domestic law in the territory of the Party where the investments are made. A change in the form in which assets are invested does not affect their character as investments. 3. "Returns" means the amounts yielded by an investment and includes in particular, though not exclusively, profit, interest, capital gains, dividends, royalties and fees.

4. "Territory" means with regard to either Party, its territory, territorial sea, as well as the maritime areas over which it has jurisdiction or sovereign rights for the purpose of exploration, exploitation and preservation of natural resources, pursuant

to international law;

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

1. Each Party shall encourage and create favourable conditions for investors of the other Party to invest capital in its territory and subject to its right to exercise powers conferred by its domestic law.
2. Each Party shall permit in its territory investments, and activities associated therewith, on a basis no less favourable than that accorded in similar situations to investments of investors of any third country, within the framework of its domestic law.
3. Each Party shall accord to these investments, once established, treatment no less favourable than that accorded in similar situations to investments of its investors or to investments of investors of any third country, whichever is the most favourable.
4. Subject to the domestic law of the Parties relating to the entry, sojourn and employment of aliens; nationals of either Party shall be permitted to enter and remain in the territory of the other Party for purposes of establishing, developing, administering or advising on the operation of an investment to which they, or an investor of the first Party that employs them, have committed or are in the process of committing a substantial amount of capital or other resources.
5. Each Party in compliance with its domestic law shall consider favourably the requests concerning entry, stay, work and movement in its territory of the qualifying managerial and technical staff and consultants of the other Party who carry out activities connected with investments 1 and of their families forming part of their household regardless of their nationality.
6. The provisions of this Article shall have no effect on agreements entered into by either of the Parties:
  - (a) Relating to any existing or future customs unions, regional economic organization or similar international agreements,
  - (b) Relating wholly or mainly to taxation.

## **Article III. Expropriation and Compensation**

1. Investments shall not be expropriated, nationalized or subjected, directly or indirectly, to measures of similar effects (hereinafter referred to as "expropriation"), except for a public purpose, in a non-discriminatory manner, upon payment of prompt, adequate and effective compensation, and in accordance with due process of law and the general principles of treatment provided for in Article 2.
2. Such compensation shall amount to the market value of the expropriated investment before the expropriation or before the impending expropriation became public knowledge, whichever is the earlier, shall include interest until the date of payment, shall be made without delay, be effectively realizable and be freely transferable as contemplated in Article 4(2).
3. Investors of either Party whose investments suffer losses in the territory of the other Party owing to war, insurrection, civil disturbance or other similar events shall be accorded by such other Party treatment no less favourable than that accorded to its own investors or to investors of any third country, whichever is the most favourable treatment, as regards any measures it adopts in relation to such losses.

## **Article IV. Repatriation and Transfer**

1. Each Party shall permit in good faith all transfers related to an investment to be made freely and without delay into and out of its territory, including:
  - (a) Returns,
  - (b) Proceeds from the sale or liquidation of all or any part of an investment,
  - (c) Compensation pursuant to Article 3,
  - (d) Reimbursements and interest payments deriving from loans in connection with investments,
  - (e) Salaries, wages and other remunerations received by the nationals of a Party who have obtained in the territory of the other Party the corresponding work permits relative to an investment,
  - (f) Payments arising from an investment dispute.
2. Transfers shall be made in the convertible currency in which the investment has been made or in any convertible

currency at the rate of exchange applicable on the date of transfer, unless otherwise agreed by the investor and the hosting Party.

## **Article V. Subrogation**

1. If the investment of an investor of one Party is insured against non-commercial risks under a system established by law, any subrogation of the insurer which stems from the terms of the insurance agreement shall be recognized by the other Party.
2. The insurer shall not be entitled to exercise any rights other than the rights which the investor would have been entitled to exercise.
3. Disputes between a Party and an insurer shall be settled in accordance with the provisions of Article 7 of this Agreement.

## **Article VI. Application of other Rules and Special Commitments**

If the provisions of the domestic law of either Party or obligations under international law existing at present or established hereafter between the Parties in addition to this Agreement contain rules, whether general or specific, entitling investments by investors of the other Party to a treatment more favourable than is provided for by this Agreement, such rules shall to the extent that they are more favourable prevail over this Agreement.

## **Article VII. Settlement of Disputes between One Party and Investors of the other Party**

1. Disputes between one of the Parties and an investor of the other Party, in connection with his investment, shall be notified in writing, including a detailed information, by the investor to the recipient Party of the investment. As far as possible, the investor and the concerned Party shall endeavour to settle these disputes by consultations and negotiations in good faith.
2. If these disputes, cannot be settled in this way within six months following the date of the written notification referred to in sub article 1, the investor shall be entitled to submit the case either to:
  - (a) The International Center for Settlement of Investment Disputes (ICSID) set up by the Convention on Settlement of Investment Disputes Between States and Nationals of other States, opened for signature at Washington DC on 18 March 1965; or
  - (b) An ad hoc arbitral court of arbitration laid down under the Arbitration Rules of Procedure of the United Nations Commission for International Trade Law (UNCITRAL); or
  - (c) The Court of Arbitration of the Paris International Chamber of Commerce.
3. The arbitration awards shall be final and binding for all parties in the dispute. Each Party commits itself to execute the award according to its domestic law.

## **Article VIII. Settlement of Disputes between the Parties**

1. The Parties shall seek in good faith and a spirit of cooperation a rapid and equitable solution to any dispute between them concerning the interpretation or application of this Agreement. In this regard, the Parties agree to engage in direct and meaningful negotiations to arrive at such solutions. If the Parties cannot reach an agreement within six months after the beginning of disputes between themselves through the foregoing procedure, the disputes may be submitted, upon the request of either Party, to an arbitral tribunal of three members.
2. Within two months of receipt of a request, each Party shall appoint an arbitrator. The two arbitrators shall select a third arbitrator as Chairman, who is a national of a third State. In the event either Party fails to appoint an arbitrator within the specified time, the other Party may request the President of the International Court of Justice to make the appointment.
3. If both arbitrators cannot reach an agreement about the choice of the Chairman within two months after their appointment, the Chairman shall be appointed upon the request of either Party by the President of the International Court of Justice.
4. If, in the cases specified under sub-articles (2) and (3), the President of the International Court of Justice is prevented from carrying out the said function or if he is a national of either Party, the appointment shall be made by the Vice-President, and if the Vice-President is prevented from carrying out the said function or if he is a national of either Party, the appointment

shall be made by the most senior member of the Court who is not a national of either Party.

5. The tribunal shall have three months from the date of the selection of the Chairman to agree upon rules of procedure consistent with the other provisions of this Agreement. In the absence of such agreement, the tribunal shall request the President of the International Court of Justice to designate rules of procedure, taking into account generally recognized rules of international arbitral procedure.

6. Unless otherwise agreed, all submissions shall be made and all hearings shall be completed within eight months of the date of selection of the Chairman, and the tribunal shall render its decision within two months after the date of the final submissions or the date of the closing of the hearings, whichever is later. The arbitral tribunal shall reach its decisions, which shall be final and binding, by a majority of votes.

7. Expenses incurred by the Chairman, the other arbitrators, and other costs of the proceedings shall be paid for equally by the Parties. The tribunal may, however, at its discretion, decide that a higher proportion of the costs be paid by one of the Parties.

8. A dispute shall not be submitted to an international arbitration court under the provisions of this Article, if the same dispute has been brought before another international arbitration court under the provisions of Article 7 and is still before the court. This will not impair the engagement in direct and meaningful negotiations between both Parties.

### **Article IX. Entry Into Force**

1. This Agreement shall enter into force on the date on which the exchange of instruments of ratification has been completed. It shall remain in force for a period of ten years and shall continue in force unless terminated in accordance with sub-article 2. It shall apply to investments existing at the time of entry into force as well as to investments made or acquired thereafter.

2. Either Party may, by giving one year's written notice to the other Party, terminate this Agreement at the end of the initial ten year period or at any time thereafter.

3. This Agreement may be amended by written agreement between the Parties. Any amendment shall enter into force when each Party has notified the other that it has completed all internal requirements for entry into force of such amendment.

4. With respect to investments made or acquired prior to the date of termination of this Agreement and to which this Agreement otherwise applies, the provisions of all of the other Articles of this Agreement shall thereafter continue to be effective for a further period of ten years from such date of termination.

IN WITNESS WHEREOF the undersigned, being duly thereto by their respective Governments have signed this Agreement in two originals in the Turkish and English languages, both texts being equally authentic.

DONE at Ankara on the day of 23th June 2000