

# **AGREEMENT BETWEEN THE GOVERNMENT OF THE ISLAMIC REPUBLIC OF IRAN AND THE GOVERNMENT OF THE REPUBLIC OF ZIMBABWE ON THE PROMOTION AND RECIPROCAL PROTECTION OF INVESTMENTS**

## **PREAMBLE**

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

Desiring to establish and intensify economic cooperation to the mutual benefit of both States,

Intending to create and maintain favorable conditions for investments of investors of one Contracting Party in the territory of the other Contracting Party, and

Recognizing the need for the mutual promotion and protection of investments of investors of both Contracting Parties in the territory of the other Contracting Party,

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 property or asset invested by investors of one Contracting Party in the territory of the other Contracting Party, in particular but not exclusively:

a Movable and immovable property as well as rights related thereto, such as mortgages, liens, pledges or usufruct;

b Shares or any kind of participation in companies;

c Claim to money or to any performance having an economic value;

d Intellectual and industrial property rights such as, patents, utility models, industrial designs or models, trademarks, trade names, know-how and goodwill;

d Special rights conferred by the law, an agreement or a decision of a competent authority to search for, extract or exploit natural resources in the territory of either Contracting Party

2 The term "investor/investors" refers to the following persons either Contracting Party:

a Natural persons possessing the nationality of one of the Contracting Parties in accordance with its laws, and who do not possess the nationality of the host Contracting Party.

b Legal persons of either Contracting Party which are established under the national laws of that Contracting Party, and their headquarters and their real economic activities are located in the territory of that Contracting Party.

3 The term "certificate of acceptance" means special license provided by the competent authorities of a Contracting Party to investors of the other Contracting Party demonstrating that their investments have been approved by the host Contracting Party in accordance with its national laws and regulations. The certificate of acceptance may determine the conditions under which the investment shall be admitted.

4 The competent authorities below in each Contracting Party shall issue a certificate of acceptance:

a In the Islamic Republic of Iran:

itemized The Organization for Investment, Economic and Technical Assistance

itemized Iran, Tehran, 15 Khordad Roundabout.

a In the Republic of Zimbabwe:

5 The term "admitted investment" refers to investments that have been issued a certificate of acceptance.

6 The term "The term "returns" means the net amounts yielded by an investment that are obtained legally in particular but not exclusively, including profits, dividends, fees and royalties.

7 The term "territory" refers to the areas under the sovereignty or jurisdiction of either Contracting Party, as the case may be, and includes their maritime areas.

## **Article 2. Promotion of Investment**

1 Each Contracting Party shall encourage investments of nationals and companies of the other Contracting Party in its territory and shall admit such investments in accordance with its laws and regulations. The Contracting Parties shall in any treat such investments fairly and equitably.

2 Each Contracting Party shall for promotion of investment, create favorable conditions for nationals of the other Contracting Party in its territory.

## **Article 3. Admission of Investments**

1 Each Contracting Party shall admit investments of investors of the other Contracting Party in its territory, in accordance with its national laws and regulations and shall issue a certificate of acceptance.

2 When an investment is admitted, either Contracting Party shall, in accordance with its national laws and regulations, grant the necessary permits for the realization of such an investment.

## **Article 4. Protection of Investment**

1 Investments of investors 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 accorded to investors of any third State in like circumstances.

2 If a Contracting Party has accorded or shall accord in future special advantages 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 agreement on the avoidance of double taxation, it shall not be obliged to accord such advantages or rights to investors of the other Contracting Party.

## **Article 5. More Favorable Provisions**

Notwithstanding the terms set forth in this Agreement, more favorable provisions which have been agreed or may be agreed upon by either Contracting Parties with an investor of the other Contracting Party are applicable.

## **Article 6. Expropriation and Compensation**

1 Admitted investments of either Contracting Party shall not be nationalized, confiscated, expropriated or subjected to similar measures, directly or indirectly, by the other Contracting Party, except such measures are taken for public purposes, in accordance with due process of law, in a non-discriminatory manner, and upon prompt, effective and fair compensation.

2 The amount of compensation shall be equivalent to the value of investment immediately before the action of nationalization, confiscation or expropriation was taken or became public knowledge.

## **Article 7. Losses**

Investors of either Contracting Party whose investments suffer losses due to any armed conflict, war or similar state of emergency in the territory of the other Contracting Party shall be accorded by the other Contracting Party treatment no less favorable than that accorded to its own investors or to investors of any third State with regard to restitution and

compensation.

## **Article 8. Repatriation and Transfer of Capital**

1 Each Contracting Party shall, in accordance with its laws and regulations, permit in good faith the following transfers related to investments referred to in this Agreement, to be made freely and without delay in and out of its territory:

a Returns;

b Proceeds from the sale and/or liquidation of all or part of an investment;

c Sums paid pursuant to Article 6 and/or 7 of this Agreement;

d Loan installments which are related to an investment and paid out of such investment activities;

e Monthly salaries and wages received by employees of an investor of one Contracting Party who have obtained in the territory of the host Contracting Party, the corresponding work permits related to that investment;

f Payments arising out of investment disputes.

2 The transfers shall promptly be effected in a convertible currency and at the applicable rate of exchange on the date of transfer.

## **Article 9. Subrogation**

1 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 insurance or guarantee agreement against non-commercial risks. Such subrogation shall be recognized by the other Contracting Party.

2 The subrogate 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 subrogee and the host Contracting Party shall be settled in accordance with Article 11 of this Agreement.

## **Article 10. Observance of Commitments**

Either Contracting Party shall guarantee the observance of the commitments it has entered into with respect to investments of natural and legal persons of the other Contracting Party.

## **Article 11. Settlement of Disputes between a Contracting Party and an Investor of the other Contracting Party**

1 Any dispute between the host Contracting Party and an investor or investors of the other Contracting Party shall as far as possible be settled in an amicable manner through negotiation and consultation.

2 If the foregoing Contracting Party and the investor(s) cannot settle their dispute within six months following the date of the start of the dispute, at request of either Contracting Party, with due regard to their national laws and regulations, or the investor(s) the dispute may be referred to an arbitral tribunal of three members. Each party to the dispute shall appoint one arbitrator and the two arbitrators thus appointed shall appoint by mutual agreement a third arbitrator, who shall be designated as Chairperson of the Arbitral Tribunal.

3 The arbitrators of the disputing parties must be appointed within ninety days from the receipt of the request for arbitration referred to in paragraph 2. If the necessary appointments of arbitrators have not been made in the period specified, either party, may invite the Secretary General of the Permanent Court of Arbitration to make the necessary appointments.

4 If both arbitrators fail to agree the appointment of a Chairperson within sixty days from the receipt of the establishment of the second arbitrator, either party may invite the Secretary General of the Permanent Court of Arbitration to make the appointment for the Chairperson.

5 The Chairperson must be a national of a third country having diplomatic relations with both Contracting Parties.

6 An ad hoc Arbitral Tribunal is to be established under the Arbitration Rules of the United Nations Commission on International Trade Law (UNCITRAL).

7 The arbitration shall take place in Paris.

8 The award of the Tribunal shall be final and binding upon both parties to the dispute.

## **Article 12. Settlement of Disputes between the Contracting Parties**

1 All disputes arising between the Contracting Parties relating to the interpretation and application of this Agreement shall, in the first place, be settled amicably through consultations and negotiations.

2 In case of disagreement, within twelve days from the date of the written notice, either Contracting Party may, subject to its laws and regulations, refer the case to an Arbitral Tribunal of three members consisting of two arbitrators appointed by the Contracting Parties. The arbitrators appointed by the Contracting Parties shall appoint a Chairman. The Chairman must be a national of a third State having diplomatic relations with both Contracting Parties at the time of the appointment.

3 The Contracting Party that requests for arbitration, appoints its arbitrator in its application for arbitration. If the other Contracting Party is not able to appoint an arbitrator within three months from the date on which the request for arbitration is received, this arbitrator at request of the Contracting Party who requested for arbitration shall be appointed by the President of the International Court of Justice.

4 If the two arbitrator have not appointed a Chairman within sixty days from the date of the appointment of the second arbitrator, either party may invite the President of the International Court of Justice appoints the Chairman.

5 If in events referred to in paragraph 3 and 4 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.

6 The Arbitration Tribunal shall, taking all other matters that parties have agreed to, lay down its own procedures and determine the place of arbitration.

7 The decisions of the Arbitration Tribunal shall be final and binding on both Contracting Parties.

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

This Agreement shall enter into force from the date of receipt of the last of the two notifications by which the Contracting Parties shall communicate officially to each other that their respective ratification procedure have been completed.

## **Article 14. Term and Termination**

1 This Agreement shall enter into force for a period of ten years and shall remain in force thereafter, unless one of the Contracting Parties in accordance with paragraph 2 terminates it.

2 Either Contracting Party may terminate this Agreement at the end of the first period of ten years or any moment after that, by giving one year notice the other Contracting Party in writing of its intention.

3 After the expiration of the validity or termination of this Agreement its provisions shall apply to investments under this Agreement for a further period of ten years.

In witness whereof, the undersigned, being duly authorized by their respective Governments, have signed this Agreement.

This Agreement is done in duplicate at Tehran on May 9, 1999 corresponding to 19th Ordibehesht 1378 in Persian and English languages and all texts are equally authentic. In case of divergence of interpretation, both texts shall equally prevail.

Signature of the Government of the Islamic Republic of Iran

Signature of the Government of the Republic of Zimbabwe