Agreement on the Promotion and Protection of Investments between the Government of the Republic of Finland and the Government of the Islamic Republic of Iran

The Government of the Republic of Finland 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 Contracting Parties;

INTENDING to utilise their economic resources and potential facilities in the area of investments as well as to create and maintain favourable conditions for investments of investors of the Contracting Parties in the territory of the other Contracting Party;

RECOGNISING the need to promote and protect investments of the investors of one Contracting Party 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 asset invested by investors of one Contracting Party in the territory of the other Contracting Party in accordance with the laws and regulations of the latter Contracting Party (hereinafter referred to as the "host Contracting Party") including the following:

a) movable or immovable property as well as rights related thereto;

b) shares or any other kind of participation in a companies;

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

d) rights conferred by law including rights to search for, extract and exploit natural resources.

2. The term "investor" with regard to either Contracting Party refers to:

a) natural persons who, according to the laws of that Contracting Party, are considered to be its nationals;

b) legal persons which are established under the laws of that Contracting Party and having their seat and real economic activity in the territory of that Contracting Party.

3. The term "returns" refers to the amounts yielded by an investment including profit derived from investments, dividends, royalties and fees.

4. The term "territory" refers to:

a) in the case of the Republic of Finland, the land territory, internal waters and territorial sea and the airspace above them and the maritime zones beyond the territorial sea over which the Republic of Finland has sovereignty, exercises sovereign rights or exclusive jurisdiction in accordance with its national laws in force and international law, and

b) in the case of the Islamic Republic of Iran, areas under the sovereignty or jurisdiction of the Islamic Republic of Iran as, the case may be, and includes its maritime areas.

Article 2. Promotion of Investments

Either Contracting Party shall, within the framework of its laws and regulations, encourage and create favourable conditions for attraction of investments of investors of the other Contracting Party in its territory.

Article 3. Admission of Investments

1. Either Contracting Party shall admit investments of investors of the other Contracting Party in its territory in accordance with its laws and regulations.

2. When an investment is admitted, either Contracting Part shall, in accordance with its laws, regulations and established national policies, grant all necessary permits for the realisation of such investments. Each Contracting Party shall further, within the framework of its legislation, give a sympathetic consideration to applications for engaging top managerial and technical personnel of their choice, from abroad.

Article 4. Protection and Treatment of Investments

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 and constant protection and fair and equitable treatment. Such investments and returns related thereto, shall be accorded treatment which is not less favourable than the host Contracting Party accords to the investments and returns made by its own investors or by investors of the most favoured nation, whichever is the more favourable to the investor.

2. Investors of one Contracting Party shall be accorded by the other Contracting Party, as regards the management, maintenance, use, enjoyment or disposal of their investments, treatment which is not less favourable than the host Contracting Party accords its own investors or to investors of the most favoured nation, whichever is the more favourable to the investor.

3. Each Contracting Party shall not impair by unreasonable, arbitrary or discriminatory measures the management, maintenance, use, enjoyment acquisition or disposal of investments in its territory of investors of the other Contracting Party.

4. If a Contracting Party accords 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 organisation or by virtue of an arrangement on the avoidance of double taxation or through any multilateral convention or treaty related to investments, it shall not be obliged to accord such advantages or rights to investors of the other 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 respect to an investment of an investor of the other Contracting Party are applicable only to that investment.

Article 6. Application of other Rules

1. If the provisions of law of either Contracting Party or obligations under bilateral agreements established hereafter between the Contracting Parties in addition to this Agreement contain a regulation, 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 provisions shall, to the extent that they are more favourable to the investor, prevail over this Agreement.

2. Each Contracting Party shall observe the commitments it has entered into with respect to investments of investors of the other Contracting Party.

Article 7. Expropriation and Compensation

1. Investments of investors of either Contracting Party shall not be nationalised, confiscated, expropriated or subjected to similar measures by the other Contracting Party except where such measures are taken for a public purpose, in a non-discriminatory manner and upon payment of compensation.

2. The compensation shall amount to the real value of the investment immediately before the act of nationalisation, confiscation or expropriation was taken or became public knowledge, whichever earlier.

3. Compensation shall be fully realisable and shall be paid without delay. However, in case of delay, the compensation shall include the costs thereof. It shall be effectively realizable and freely transferable. Any dispute as to the conformity of such expropriation with the relevant legislation, or as to the amount of compensation shall be subject to review by due process of law in the competent courts of the country where the investment has taken place.

Article 8. 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 the most favoured nation, whichever more favourable to the investor. Possible resulting payments shall be effectively realisable, freely convertible and transferred without delay.

2. Without prejudice to paragraph (1) of this Article, an investor of one Contracting Party who, in any of the 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 a part thereof by the latter's armed forces or authorities, or

(b) destruction of its investment or a part thereof by the latter's armed forces or authorities, which was not required by the necessity of situation,

shall be accorded restitution or compensation equivalent to the real value of the investment.

Article 9. Repatriation and Transfer

1. Each Contracting Party shall ensure the transfers related to investments referred to in this Agreement shall be made freely and without delay into and out of its territory. Such transfers shall in particular include:

(a) the principal and additional amounts to maintain, develop or increase the investment;

(b) returns;

(c) proceeds from the sale or liquidation of all or part of an investment;

(d) the amounts required for payment of expenses which arise from the operation of the investment, such as loans repayments, payment of royalties and licence fees or other similar expenses;

(e) sums paid pursuant to Articles 7 and 8 of this Agreement;

(f) monthly salaries and wages and other remuneration received by the employees who have obtained the corresponding work permits related to an investment;

(g) payments arising out of the settlement of disputes under Article 12;

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

3. The investor may choose to agree otherwise with the host Contracting Party on the manner of repatriation or transfers referred to in this Article.

4. Notwithstanding paragraphs (1) to (3) of this Article, a Contracting Party may prevent a transfer through the equitable, nondiscriminatory and good faith application of measures to protect the rights of creditors or in connection with criminal offences, orders or judgements in administrative and adjudicatory proceedings, provided that such measures and their application shall not be used as a means of avoiding the Contracting Party's commitments or obligations under this Agreement.

Article 10. Subrogation

If a Contracting Party or its designated agency subrogates under due process of law an investor pursuant to a payment made under an insurance or guarantee agreement against non-commercial risks:

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

(b) the subrogee shall 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 12 of this Agreement.

Article 11. Scope of the Agreement

1. This Agreement shall apply to investments made by investors of either Contracting Party in the territory of the other Contracting Party, whether made before or after the entry into force of this Agreement, but shall not apply to any dispute concerning an investment which arose or any claim, which was settled before its entry into force.

2. In the case of the Islamic Republic of Iran only investments approved by the competent authorities of that Contracting Party are covered by this Agreement. The competent authority in the Islamic Republic of Iran is Organization for Investment, Economic and Technical Assistance of Iran (O.I.E.T.A.I.), or the agency which might succeed it.

Article 12. Settlement of Disputes between an Investor and a Contracting Party

1. Any dispute between an investor of one Contracting Party and the other Contracting Party concerning an investment in the territory of the latter Contracting Party shall, if possible, be settled amicably.

2. If the dispute cannot thus be settled within three (3) months, following the date of request for settlement, the dispute may, at the choice of the investor, be submitted to:

(a) a competent court of the Contracting Party in whose territory the investment has been made, or

(b) the International Centre for Settlement of Investment Disputes (ICSID), for the implementation of the arbitration procedure under the Convention on the Settlement of Investment Disputes between States and Nationals of other States, opened for signature at Washington on 18 March 1965, if or as soon as both Contracting Parties have acceded to it; or

(c) an ad hoc arbitration tribunal, which unless otherwise agreed upon by the parties to the dispute, is to be established under the Arbitration Rules of the United Nations Commission on International Trade Law (UNCITRAL).

3. During arbitration proceedings or the enforcement of an award, the Contracting Party involved in the dispute shall not raise the objection that the investor of the other Contracting Party has received compensation under an insurance contract in respect of all or part of the damages.

4. The award shall be final and binding for the parties to the dispute and shall be executed according to national law .

Article 13. Settlement of Disputes between the Contracting parties

1. Disputes between the Contracting Parties concerning the interpretation and application of this Agreement shall, as far as possible, be settled through diplomatic channels.

2. If the dispute cannot thus be settled within six (6) months, following the date on which such negotiations were requested by either Contracting Party, it shall at the request of either Contracting Party be submitted to an Arbitral Tribunal.

3. Such an Arbitral Tribunal shall be constituted for each individual case in the following way. Within two (2) months of the receipt of the request for arbitration, each Contracting Party shall appoint one member of the Tribunal. Those two members shall then select a national of a third State who on approval by the two Contracting Parties shall be appointed Chairman of the Tribunal. The Chairman shall be appointed within four (4) months from the date of appointment of the other two members. However, the Chairman shall be a national of a state having diplomatic relations with both Contracting parties at the time of the appointment.

4. If within the periods specified in paragraph 3 of this Article the necessary appointments have not been made, either Contracting Party may, in the absence of any other agreement, invite the President of the International Court of Justice to make any necessary appointments. If the President is a national of either Contracting Party or is otherwise prevented from discharging the said function, the Member of the International Court of Justice next in seniority who is not a national of either Contracting Party or is otherwise prevented from discharging the said function, shall be invited to make the necessary appointments.

5. The Arbitral Tribunal shall reach its decision by a majority of votes. The decisions of the Tribunal shall be final and binding on both Contracting Parties. Each Contracting Party shall bear the costs of the member appointed by that Contracting Party and of its representation at the arbitral proceedings. Both Contracting Parties shall assume an equal share of the cost of the

Chairman, as well as any other costs. The Tribunal may make a different decision regarding the sharing of the costs. In all other respects, the Arbitral Tribunal shall determine its own rules of procedure and the place of arbitration.

Article 14. Validity of the Agreement

1. This Agreement shall be ratified by the competent authorities of each Contracting Party.

2. This Agreement shall enter into force for a period of fifteen (15) years on the 30th day after the date of the receipt of the last notification of either Contracting Party to the other Contracting Party that it has fulfilled the necessary requirements 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 or termination thereof.

3. After the expiration of the validity or termination of this Agreement the provisions of Articles 1 to 13 shall apply to investments under this Agreement for a further period of fifteen (15) years.

IN WITNESS WHEREOF, the undersigned representatives, duly authorised thereto, have signed the present Agreement.

Done in duplicate at Tehran on the 4th of November 2002 corresponding to Aban 13, 1381 in the Solar Hijri Year, in the Finnish, Persian, and English languages, all texts being equally authentic. In case of divergence in interpretation, the English text shall prevail.

For the Government of the Republic of Finland

For the Government of the Islamic Republic of Iran