AGREEMENT BETWEEN THE ISLAMIC REPUBLIC OF PAKISTAN AND THE REPUBLIC OF TUNISIA ON THE RECIPROCAL PROMOTION AND PROTECTION OF INVESTMENT

The Government of the Islamic Republic of Pakistan and the Government of the Republic of Tunisian hereinafter referred to as "Parties",

DESIRING to create Favourable conditions for investment by investors of one Party on the territory of the other Party,

CONVINCED that reciprocal promotion and protection of such investment shall encourage and develop cooperation between the two countries,

CONSCIOUS that a favourable and fair status of investments is desirable in order to maintain a stable framework of investment and stimulate private economic initiative.

HAVING resolved to conclude an agreement concerning the encouragements and reciprocal protection of investment.

HEREBY HAVE AGREED as follows:

Article 1.

For the purpose of this Agreement:

1. "Investor" means, with regard to each Party:

(a) Any physical person having the nationality of that Party in accordance with its legislation and regulations and who invests on the territory of the other Party.

(b) Any legal person incorporated or constituted under the legislation and regulations in force in the territory of that Party and which invests on the territory of the other Party.

2. "Investment" means all types of property values which the Investors of either Party shall invest on the territory of either Party in conformity with its legislation and regulations and in particular though not exclusively:

(a) Invested properly, whether movable or immovable and any property rights;

(b) Monetary values as shares, stocks and other forms of participation in companies;

(c) Rights of pledging for money invested to operate economic values or for, services having economic value; and

(d) Rights for business activities rendered according to legislation and regulations or contracts, including in particular the rights for exploration, elaboration and exploitation of natural resources.

Any alteration in the form in which investments are realised shall not effect their character as investment, on condition that this alteration shall be in accordance with legislation and regulations of the concerned Party.

3. "Returns" mean profits, interests, dividends, royalties and fees.

4. "Territory" means, as regards of each Party, the territory under its sovereignty including adjacent seas and submarine area and other seaside spaces over which the Party practise, in accordance with international law, sovereign rights or jurisdiction.

Article 2.

1. Each Party shall encourage investors of the other Party to invest on its territory, and in accordance with its legislation,

admit such investments.

2. Investments of investors of each Party shall, at all times, enjoy full and adequate protection and security in the territory of the other Party.

Article 3.

1. Each Party shall ensure a fair and equitable treatment excluding discrimination measures preventing from management, use, enjoyment and disposing investments, for the other Party's investments on its territory.

2. The treatment indicated in paragraph (1) of the present Article cannot be less favourable than that granted to its own or any third country investors for investments and activities, whichever is the most favourable.paragraph (1) of the present Article cannot be less favourable than that granted to its own or any third country investors for investments and activities, whichever is the most favourable.

3. In accordance with the legislation and regulations of both Parties relating to entry, sojourn and employment of aliens:

(a) Investor of either Party shall be permitted to enter and remain on the territory of the other party for purposes of establishing, developing, administering or advising on the operation of an investment;

(b) Legal persons legally constituted under the legislation and regulations of one Party, and which are investors of the other Party, shall be permitted to employ management and technical personnel of their choice.

4. The treatment of most favourable nation granted in accordance with paragraph (2) of the present Article shall not be applied to favours granted or to be granted by the Party in future:paragraph (2) of the present Article shall not be applied to favours granted or to be granted by the Party in future:

(a) In connection with participation in customs unions, common markets, free trade areas or any other form of regional economic organisation;

(b) On the basis of a double taxation prevention agreement or any other international agreement relating to taxation.

Article 4.

Investments of either Party established on the other Party's territory shall not be subject for nationalization or measures of similar effect (hereinafter referred to as "Nationalization") except for cases when such measures are taken in public interests as stipulated by legislation, in a non-discriminatory manner, and upon payment of prompt, adequate and effective compensation. Compensation shall be equivalent to the real value of the investment immediately before the measures of nationalization are taken or became known by the public.

Article 5.

1. Each Party shall permit to the other Party's investors free transfer of

(a) Returns;

(b) Sums paid off for loans regularly contracted;

(c) Proceeds from partial or full liquidation or sale of investments;

(d) Appropriated quo of salaries, wages and other remunerations earned by those nationals of a Party having received permission for employment connected with investments on the territory of the other Party;

(e) Compensation pursuant to Article (4) of the present Agreement;Article (4) of the present Agreement;

(f) Payments arising from investment disputes.

The transfer will be made without indue delay into convertible currency, at the official rate of exchange applicable at the date of transfer under procedures provided by legislation and regulation of the concerned Party and after payment of all relevant taxes and duties.

Article 6.

Dispute between one of the Parties and an investor of the other Party, arising from investment, including disputes over measures, conditions or procedures of compensation, payments shall be settled; preferably, through negotiations. In case a dispute is not resolved in that manner within six months from the date it has been arised by one of the parties, the dispute may be submitted, at the choice, of investor to:

(1) The national jurisdiction of the Party hosting the investment.

(2) One of the international organs of arbitration recognized by the Parties.

(3) An Ad Hoc court of arbitration laid down under the Arbitration Rules of Procedure of the United Nations Commission for International Trade Law (UNCITRAL).Arbitration Rules of Procedure of the United Nations Commission for International Trade Law (UNCITRAL).

Once investor has submitted disputes to the jurisdiction of the hosting Party, or to the international organs or ad ho court of arbitration, the choice of one of the procedures shall be final.

Article 7.

1. Disputes between the Parties concerning the interpretation or application of this Agreement should, if possible, be settled though the diplomatic channel.

2. If a dispute between the Parties cannot thus be settled, it shall upon the request of either Parties be submitted to an arbitral tribunal.

3. Such arbitral tribunal shall be constituted for each individual case in the following way: within two months of the receipt of the request for arbitration, each Party shall appoint one member of the tribunal. Those two members shall then select a third member, who is a national of a third state, as Chairman of the tribunal within two months from the date of appointment of the other two members.

4. If within the periods specified in paragraph (3) of this article the necessary appointments have not been made, either Party may, in the absence of any other agreement, invite the General Secretary of the United Nations Organisation to make the necessary appointments. If the General Secretary is a national of either Party or if he is otherwise prevented from discharging the said function, the Deputy General Secretary next in seniority who is not a national of either Party shall be invited to make the necessary appointments.paragraph (3) of this article the necessary appointments have not been made, either Party may, in the absence of any other agreement, invite the General Secretary of the United Nations Organisation to make the necessary appointments. If the General Secretary is a national of either Party or if he is otherwise prevented from discharging the said function, the Deputy General Secretary next in seniority who is not a national of either Party shall be invited to make the necessary appointments.

5. The arbitral tribunal shall reach its decision by a majority of votes. Such decision shall be binding on both Parties. Each Party shall bear the cost of its own member of the tribunal and of its representation in the arbitral proceedings; the cost of the Chairman and the remaining costs shall be borne in equal parts by the Parties. The tribunal may, however, in its decision direct that a higher proportion of costs shall be borne by one of the two Parties, and this award shall be binding on both Parties. The tribunal shall determine its own procedure.

Article 8.

If one Party, makes a payment under an indemnity given in respect of an investment in the territory of the other Party, the latter Party shall recognize the assignment to the former Party of all rights and obligations of the Party indemnified and the right of the former Party to exercise such rights and assume such obligations by virtue of subrogation, in the same conditions as the Party indemnified.

Article 9.

The present Agreement shall be applied to all investments realised on the territory of either Party in conformity with its legislation and regulations after its entry into force.

Article 10.

The present Agreement shall inter into force on the fifth day after the Parties notify each other on fulfilment of their necessary constitutional procedures to that end.

The present Agreement shall remain valid for ten (10) years and may be terminated through notification by either of the Parties one years before the date of expiry.

In relation to investments realized before the date of termination of the present Agreement, provisions of Articles (1) to (9) shall remain valid for further ten (10) years after that date.

For the Government of the Islamic Republic of Pakistan JAVED TALAT SECRETARY ECONOMIC AFFAIRS DIVISION