

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

PREAMBLE

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

Desiring to 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 protection of investments of 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:

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 that is admitted and registered in accordance with the national laws and regulations of the latter, and in particular:

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 Title to money or to any performance having an economic value;

d Copyright, industrial property rights, such as, patents, utility models, industrial designs or models, trade and service marks, trade names, know-how and goodwill.

e Special rights conferred by the law, an agreement or a decision of a competent authority to search for, extract or exploit natural resources.

2 The term "investor" of a Contracting Party refers to the following:

a Natural persons possessing the nationality of one of the Contracting Parties in accordance with its laws;

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

3 The term "returns" means the amounts yielded by an investment and in particular though not exclusively, includes profits, loans, capital gains, dividends, royalties and fees.

4 The term "territory" refers to the territory of each Contracting Party including their maritime areas over which Contracting Parties exercise their sovereign rights or jurisdiction in conformity with international law.

Article 2. Promotion of Investments

1 Each Contracting Party shall encourage and create favorable conditions for its nationals to invest in the territory of the

other Contracting Party.

2 Each Contracting Party shall promote and create favorable conditions for nationals of the other Contracting Party to invest in its territory.

Article 3. Facilitation of Investments

When an investment of an investor of a Contracting Party is admitted in the territory of the other Contracting Party, the latter Contracting Party shall grant the necessary permits for the realization of such an investment.

Article 4. Protection of Investments

1 Investments of investors of either Contracting Party effected within the territory of the other Contracting shall, in accordance with the laws and regulations of the latter Contracting Party receive full legal protection and fair treatment not less favorable than that accorded to investors of any third State who are in like circumstances.

2 If a Contracting Party accords special advantages to investors of any third State by virtue of an agreement establishing a free trade area, a customs union, a common market or a similar regional organization or by virtue of an arrangement on the avoidance of double taxation, it shall not be obliged to accord such advantages 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 Investments of investors of either Contracting Party shall not be confiscated, nationalized or expropriated directly or indirectly, or subjected to similar measures by the other Contracting Party, except such measures are taken for a public purpose, in a non-discriminatory manner, and upon payment of prompt, effective and adequate compensation and in accordance with due process of law.

2 The amount of compensation shall be equivalent to the value of investment immediately before the act 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 war, 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 favorable than that accorded to its own investors or to investors of any third State, whichever is more favorable to the investor with regard to restitution and compensation.

Article 8. Repatriation and Transfer

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

a Returns;

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

c Compensation 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, wages and other remuneration received by employees who have obtained the corresponding work permits related to that investment;

f Payments arising out of an investment dispute.

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 the investment of an investor of a Contracting Party is insured by an insurance company of that Contracting Party against non-commercial risks, within the framework of a legal system, any subrogation of the insurer that arise from the terms of the insurance contract shall be recognized by the other Contracting Party.

2 This 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 Contracting Party and such insurance 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 investors of the other Contracting Party.

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

1 If any dispute arises between the host Contracting Party and an investor or investors with respect to an investment, the Contracting Party and the investor(s) shall primarily endeavor to settle the dispute 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 thirty 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, either Contracting Party may, within twelve months from the date the dispute had arisen, subject to its laws and regulations, while sending a notice to the other Contracting Party, 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 who is a national of a third State having diplomatic relations with both Contracting Parties at the time of the appointment.

3 The arbitrators of the disputing parties must be appointed within thirty days from the receipt of the request for arbitration. If the necessary appointments of arbitrators have not been made in the period specified, either party, may invite the President of the International Court of Justice 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 President of the International Court of Justice to make the appointment for the Chairperson.

5 In cases referred to in paragraph 2 and 4, 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.

6 Subject to other provisions agreed by the Contracting Parties, the Arbitral Tribunal shall determine its procedure and place of arbitration.

7 The decisions of the Arbitral Tribunal shall be binding on the Contracting Parties.

Article 13. Entry Into Force

This Agreement shall be implemented and will be binding after the date of receipt of the last of the two notifications of the ratification by a Contracting Party to the other Contracting Party.

Article 14. Term and Termination

1 This Agreement shall enter into force for a period of ten years This Agreement shall remain in force thereafter unless one of the Contracting Parties notifies the other Contracting Party pursuant to paragraph 2 of this Article to terminate it.

2 Either Contracting Party may terminate this Agreement after a period of ten years or any moment after that, by notifying 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.

Done in duplicate at Tehran on May 6, 1995 corresponding to 16th Ordibeheshst 1374 in Persian, Armenian and English languages. In case of divergence of interpretation, the English text shall prevail.

Signature of the Government of the Islamic Republic of Iran

Signature of the Government of the Republic of Armenia