

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

The Government of the Islamic Republic of Iran and the Government of the Republic of Singapore (each hereinafter referred to as a "Contracting Party"),

Desiring to intensify economic cooperation to the mutual benefit of both States;

Intending to utilize their economic resources and potential facilities in the area of investments as well as to create and maintain favourable conditions for investments of the investors of the Contracting Parties in each others' territory; and;

Recognizing the need to promote and protect investments of the investors of the Contracting Parties in each others' territory;

HAVE AGREED AS FOLLOWS :

Article 1. Definitions

For the purpose of this Agreement:

1. The term "investment" means every kind of asset, invested by the investors of one Contracting Party in the territory of the other Contracting Party in accordance with the laws and regulations of the other Contracting Party, including, though not exclusively, any:

- (a) movable and immovable property as well as rights related thereto, such as mortgages, liens or pledges;
- (b) shares, stocks, debentures or any kind of participation in companies as well as any rights related thereto;
- (c) rights to money or to any performance having an economic value;
- (d) industrial and intellectual property rights, and goodwill;
- (e) rights to search for, extract, or exploit natural resources.

2. The term "investors" means the following persons who invest in the territory of the other Contracting Party:

- (a) natural persons who, according to the laws of either Contracting Party, are considered to be its nationals
- (b) entities of either Contracting Party which are established under the laws of that Contracting Party

3. The term "returns" means amounts legally yielded by an investment, including any profits derived from investments, interest, dividends, royalties and fees.

4. The term "freely usable currency" means any currency that is widely used to make payments for international transactions and widely traded in the principal international exchange markets as determined by the International Monetary Fund under its Articles of Agreement and any amendments thereto.

Article 2. Scope of the Agreement

1. The provisions of this Agreement shall only apply:

- (a) in respect of the Islamic Republic of Iran, to all investments made by investors of the Republic of Singapore, which are admitted and approved in accordance with the laws and regulations of the Islamic Republic of Iran by the Organization for Investment, Economic and Technical Assistance of Iran (O.I.E.T.A.I), or any other authority which may succeed it.

(b) in respect of the Republic of Singapore, to all investments made by investors of the Islamic Republic of Iran in accordance with the laws and regulations of the Republic of Singapore.

2. The provisions of the foregoing paragraph shall apply to all investments made by investors of either Contracting Party in the territory of the other Contracting Party, whether made before or after the coming 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.

3. This Agreement does not apply to investors who are also nationals of the host Contracting Party.

Article 3. Promotion and Protection of Investments

1. Each Contracting Party shall encourage investments in the territory of the other Contracting Party.

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

3. Investments approved and/or admitted under Article (2) shall be accorded fair and equitable treatment and protection in accordance with this Agreement.

Article 4. Treatment

1. Each Contracting Party shall in its territory accord to investments of investors of the other Contracting Party the treatment which it accords to investments of investors of any third State or, subject to its laws and regulations, the treatment which it accords to investments of its own investors, whichever is more favourable.

2. 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 an investor of the other Contracting Party shall be applicable.

3. If the legislation of either Contracting Party or obligations under bilateral international agreements existing at present or established hereafter between the Contracting Parties in addition to this Agreement, contain more favourable provisions entitling investments by investors of the other Contracting Party to a treatment more favourable than is provided for by this Agreement, such provision shall not be affected by this Agreement.

4. The provisions of this Article relating to treatment that has been accorded or shall be accorded in future to the investors of any third State shall not be construed so as to oblige one Contracting Party to extend to investors of the other Contracting Party the benefit of any treatment, preference or privilege resulting from:

(a) any existing or future agreement establishing a customs union, a free trade area, common market, monetary union or similar international agreement or other forms of regional agreement to which either of the Contracting Parties is or may become a party; or the adoption of an agreement designed to lead to the formation or extension of such a union, area; or any Investment Guarantee Agreement entered into prior to 1991;

(b) any arrangement with a third State or States in the same geographical region designed to promote regional cooperation in the economic, social, labour, industrial or monetary fields within the framework of specific projects.

5. The provisions of this Agreement shall not apply to matters of taxation in the territory of either Contracting Party. Such matters shall be governed by any Avoidance of Double Taxation Treaty between the two Contracting Parties and the domestic laws of each Contracting Party.

Article 5. Expropriation

1. Neither Contracting Party shall nationalise, expropriate or subject to measures having effect equivalent to nationalisation or expropriation (hereinafter referred to as "expropriation") the investments of investors of the other Contracting Party unless such a measure is taken on a non-discriminatory basis, for a public purpose, in accordance with due process of law, and upon payment of compensation in accordance with this Article.

2. The expropriation shall be accompanied by the payment of prompt and effective compensation. Compensation shall be the value of the expropriated investment immediately before the expropriation or impending expropriation became public knowledge. Compensation payments shall include interest at the applicable commercial rate for the delayed compensation payments, accrued from the date of expropriation until the date of payment.

3. Expropriation of land shall be subject to the domestic laws and regulations of the expropriating party.

Article 6. Compensation for Damages or Losses

Investors of one Contracting Party whose investments in the territory of the other Contracting Party suffer losses owing to war or other armed conflict, a state of national emergency, revolt, insurrection or riot in the territory of the latter Contracting Party, shall be accorded by the latter Contracting Party treatment, as regards restitution, indemnification, compensation or other settlement, if any, no less favorable than that which the latter Contracting Party accords to investors of any third State or to its own investors, whichever is more favorable.

Article 7. Repatriation and Transfer

1. Each Contracting Party shall ensure the transfers related to investments referred to in this Agreement to be made freely, without delay into and out of its territory, and on a non-discriminatory basis. 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 loan repayments, payment of royalties and license fees or other similar expenses;
- e) sums paid pursuant to Articles (5) and (6) 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 (11) of this Agreement.

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

3. The investor and the host Contracting Party may choose to agree otherwise 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 delay or prevent a transfer through the equitable, non-discriminatory and good faith application of its laws relating to:

- (a) bankruptcy, insolvency, or the protection of the rights of creditors;
- (b) issuing, trading, or dealing in securities, futures, options, or derivatives;
- (c) criminal or penal offences;
- (d) financial reporting or record keeping of transfers when necessary to assist law enforcement or financial regulatory authorities;
- (e) ensuring the satisfaction of judgments, orders or awards in administrative or adjudicatory proceedings; or
- (f) social security, public retirement or compulsory savings schemes.

5. In the case of a serious balance of payments difficulty or of a threat thereof, a Contracting Party may temporarily restrict transfers provided that such a Contracting Party implements measures or a programme in accordance with the Articles of Agreement establishing the International Monetary Fund. These restrictions shall be imposed on an equitable, non-discriminatory and in a good faith manner; shall not exceed those necessary to remedy the balance of payments situations; shall avoid unnecessary damage to the commercial, economic and financial interests of the other Contracting Party; and shall be phased out progressively as the situation improves. Any such restrictions adopted or maintained, or any changes therein, shall be promptly notified to the other Contracting Party. The Contracting Party adopting these restrictions shall commence consultations with the other Contracting Party in order to review the restrictions adopted by it.

Article 8. Applicable Law

For the avoidance of any doubt, it is declared that all investments shall, subject to this Agreement, be governed by the laws and regulations in force in the territory of the Contracting Party in which such investments are made.

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 indemnity, insurance or guarantee agreement against non-commercial risks :

(a) such subrogation shall be recognized 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 (11) of this Agreement.

2. Any payment made by one Contracting Party or its designated agency to its investors shall not affect the right of such investors to make their claims against the other Contracting Party in accordance with Article (11) of this Agreement.

Article 10. Denial of Benefits

Subject to prior notification and consultation, a Contracting Party may deny the benefits of this Agreement to an investor of the other Contracting Party that is an enterprise of such party and to investments of such an investor where the Contracting Party establishes that the enterprise is owned or controlled by persons of a non-Contracting Party, or of the denying Contracting Party, and has no substantive business operations in the territory of the other Contracting Party.

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

1. If any dispute arises between the host Contracting Party and an investor of the other Contracting Party with respect to an investment, the parties to the dispute shall primarily Endeavour to settle the dispute in an amicable manner through negotiation and consultation.

2. In the event that such disputes cannot thus be settled within six (6) months from the date of notification of the request for amicable settlement, the investor concerned may submit the dispute either to the competent tribunal or court of the host Contracting Party or to international arbitration.

3. Once the investor has submitted the dispute to the competent tribunal or court of the host Contracting Party or to international arbitration, the election shall be final.

4. Where the dispute is referred to international arbitration, the investor concerned may submit the dispute to:

a. the International Centre for the Settlement of Investment Disputes, established under the Convention on the Settlement of Investment Disputes Between States and Nationals of Other States, opened for signature at Washington D.C. on March 18, 1965, if or as soon as both Contracting Parties have acceded to the said Convention, each Contracting Party hereby declares its acceptance of such an arbitral procedure;

b. an ad hoc arbitral tribunal to be established under the arbitration rules of United Nations Commission on International Trade Law (U.N.C.I.T.R.A.L.); or

c. any other international arbitration or ad hoc arbitration tribunal agreed upon between the parties to the dispute.

5. Each Contracting Party hereby consents to the submission of an investment dispute to the competent tribunal or court of the host Contracting Party or to international arbitration.

6. The disputing parties may agree on the place of any arbitration under the arbitral rules applicable under Article (11)(4) (b) and (c). If the disputing parties fail to reach agreement, the tribunal shall determine the place in accordance with the applicable arbitral rules, provided the place shall be in the territory of either Contracting Party or of a third State that is party to the Convention on the Recognition and Enforcement of Foreign Arbitral Awards, done at New York on June 10, 1958 (New York Convention).

7. The arbitration awards shall be final and binding on 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 or application of this Agreement shall, in the first place, be settled amicably by consultation.
2. If the dispute cannot thus be settled, within (6) months from the beginning of the consultations, it shall upon request of either Contracting Party be submitted to an arbitral tribunal, while sending a written notification to the other Contracting Party.
3. In case the dispute is referred to the arbitral tribunal, such tribunal shall be constituted in each individual case as follows: Each Contracting Party shall appoint an arbitrator and these two (2) arbitrators shall select a national of a third State, who, upon approval by the two (2) Contracting Parties, shall be appointed as Chairman. The arbitrators shall be appointed within two (2) months and the Chairman within four (4) months from the date of receipt of the request for arbitration.
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 the necessary appointments. If the President is a national of either Contracting Party, or if he is otherwise prevented from discharging the said function, the Vice-President or if he too is a national of either Contracting Party or is otherwise prevented from discharging the said function, the Member of the Court next in seniority who is not a national of either Contracting 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 Contracting Parties. Each Contracting 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 Contracting Parties. The tribunal may, however, in its decision direct that a higher proportion of costs shall be borne by one of the two Contracting Parties, and this award shall be binding on both Contracting Parties.
6. Subject to other provisions agreed by the Contracting Parties, the arbitral tribunal shall determine its procedures and the place of arbitration.
7. The tribunal's decision shall be final and binding on the Contracting Parties.

Article 13. General Exceptions

Subject to the requirement that such measures are not applied in a manner which would constitute a means of arbitrary or unjustifiable discrimination against the other Contracting Party or its investors where like conditions prevail, or a disguised restriction on investments of investors of the other Contracting Party in the territory of a Contracting Party, nothing in this Agreement shall be construed to prevent the adoption or enforcement by a Party Contracting of measures:

1. necessary to protect public morals or to maintain public order; The public order exception may be invoked only where a genuine and sufficiently serious threat is posed to one of the fundamental interests of society.
 - (a) necessary to protect human, animal or plant life or health;
 - (b) necessary to secure compliance with laws or regulations which are not inconsistent with the provisions of this Agreement including those relating to:
 - (i) the prevention of deceptive and fraudulent practices or to deal with the effects of a default on a contract;
 - (ii) the protection of the privacy of individuals in relation to the processing and dissemination of personal data and the protection of confidentiality of individual records and accounts;
 - (iii) safety.

Article 14. Security Exceptions

Nothing in this Agreement shall be construed to:

- (a) require a Contracting Party to furnish any information, the disclosure of which it considers contrary to its essential security interests; or
- (b) prevent a Contracting Party from taking any action which it considers necessary for the protection of its essential security interests:
 - (i) relating to fissionable and fusionable materials or the materials from which they are derived;

(ii) taken in time of war or other emergency in international relations;

(iii) relating to the production or supply of arms and ammunition;

(c) protect critical public infrastructure, including but not limited to communications, power and water infrastructure, from deliberate attempts intended to disable or degrade such infrastructure; or

(d) prevent a Contracting Party from taking any action in pursuance of its obligations under the United Nations Charter for the maintenance of international peace and security.

Article 15. Entry Into Force, Duration and Termination

1. This Agreement shall enter into force for a period of fifteen (15) years after thirty (30) days from the date of the last notification of either Contracting Party to the other Contracting Party that it has fulfilled necessary measures in accordance with its laws and regulations 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 intention to terminate it, one (1) year prior to the expiration or termination thereof.

2. With respect to investments made or acquired prior to the date of termination of this Agreement, the provisions of all of the other Articles of this Agreement shall continue to be effective for a period of fifteen (15) years from such date of termination.

This Agreement is done in duplicate in the Persian and English languages, both texts being equally authentic.

Signed in Tehran on Esfand 10th, 1394 (HijriShamsi) corresponding to February 29th, 2016 by representatives of the Government of the Islamic Republic of Iran and the Government of the Republic of Singapore.

For the Government of the Republic of Singapore

S. Iswaran

Minister for Trade and Industry (Industry)

For the Government of the Islamic Republic of Iran

Ali Tayyebnia

Minister of Economic Affairs and Finance