Agreement on Mutual Support and Protection of Investments between the Government of the Republic of Poland and the Government of the Islamic Republic of Iran

Preamble

The Government of the Republic of Poland 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 States;

Intending to utilize their economic resources and potential facilities in the area of investments and also to create and maintain favourable conditions for investments of the investors of one Contracting Party in the territory of the other Contracting Party and;

Recognizing 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 following terms shall have the meaning as provided here below:

1. The term "investment" refers to every kind of property or 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 and particularly including:

(a) Movable and immovable property as well as rights related thereto,

(b) Shares or any kind of participation in companies;

(c) Title to money or to any performance having an economic value;

(d) Industrial and intellectual property rights such as patent, utility models, industrial designs or models, trade marks and trade names, know-how and goodwill;

(e) Rights to search for, extract and exploit natural resources.

2. The term "investor" with regard to either Contracting Party refers to the following persons who invest in the territory of the other Contracting Party:

(a) Natural persons who, according to the laws of that Contracting Party, are considered to be its nationals and don't have the nationality of the other Contracting Party;

(b) Legal entities of either Contracting Party which are formed and incorporated under the laws of that Contracting Party and have their seat together with their real economic activities in the territory of that same Contracting Party.

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

4. The term "territory" refers to the territory under sovereignty or jurisdiction, of each Contracting Party, and also includes their relevant maritime areas.

Article 2. Promotion on Investments

1. Either Contracting Party shall encourage and create favourable conditions for its nationals to invest in the territory of the other Contracting Party.

2. Either Contracting Party shall, subject to its laws and regulations, encourage and create favourable conditions for nationals of the other Contracting Party to invest in its territory.

Article 3. Admission of Investments

1. Either Contracting Party with respect to its laws and regulations shall admit investments of natural persons and legal entities of the other Party in its territory.

2. Either Contracting Party after the admission of an investment shall grant all permits which are necessary in accordance with its laws and regulations for the proper realization of the said investment.

Article 4. Protection of Investments

1. Investments of national and legal persons of one Contracting Party effected within the territory of the other Contracting Party shall receive in the other Contracting Party full legal protection and fair treatment not less favourable than that accorded to its investors or to investors of any third state which are in a comparable situation.

2. If a Contracting Party accords special rights and advantages to one or more investors of any third state by virtue of an existing or a 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 rights and advantages to investors of the other Contracting Party.

Article 5. More Favourable Provisions

Notwithstanding the terms set forth in the present 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 are applicable.

Article 6. Expropriation and Compensation

1. Investments of investors of one Contracting Party shall not be expropriated, nationalized or subjected to similar measures by the other Contracting Party except for a public purpose, in accordance with due process of law in a non-discriminatory manner, and upon payment of prompt and effective compensation.

2. The amount of compensation shall be equivalent to the market value of the investment immediately before the action of expropriation, nationalization or confiscation was taken or become known.

Article 7. Losses

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 any other third country.

Article 8. Repatriation and Transfer

1. Each Contracting Party shall permit in good faith all transfers related to investments subject matter of this Agreement, to be made freely and without unreasonable delay. Such transfers include:

(a) Returns;

(b) Proceeds from the sale or liquidation of all or part of an investment;

(c) Royalties and fees related to transfer of technology agreements;

(d) Sums paid pursuant to Articles 6 and 7;Articles 6 and 7;

(e) Loan installments related to a specific investment;

(f) Monthly salaries, and wages received by nationals of one Contracting Party who have obtained in the territory of the

other Contracting Party the corresponding work permits relative to an investment,

(g) Payments arising from the settlement of disputes referred to in Article 11 of this Agreement.Article 11 of this Agreement.

2. Unless otherwise agreed with the investor, transfers shall be effected promptly without unreasonable delay in a convertible currency and at the official exchange rate prevailing on the day the transfer is made.

Article 9. Subrogation

If a Contracting Party or its designated agency subrogates an investor pursuant to a payment made under an 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 the provisions of Article 11 of this Agreement.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 Investor of the other Contracting Party

1. In the event of occurrence of a dispute between a Contracting Party in whose territory an investment is made and one or more investors of the other Contracting Party with respect to an investment, the Contracting Party in whose territory the investment is made and the investor(s) shall primarily endeavour to settle the dispute in an amicable manner through negotiation and consultation.

2. In the event that the Contracting Party in whose territory an investment is made and the investor(s) are unable to agree within six months from the notification of the claim by one party to the other, the dispute can upon the request of the investor, be referred to:

(a) The competent courts of the Contracting Party in whose territory the investment is made, or with due regard to their own laws and regulations to:

(b) An ad-hoc arbitral tribunal of three members established in the following manner:

The Party to the dispute that desires to refer the dispute to the arbitration shall appoint an arbitrator through a written notice sent to the other Party. The other party shall appoint an arbitrator within sixty days from the date of receipt of the said notice and the appointed arbitrators shall within sixty days from the date of the last appointment, appoint the umpire. In the event that each of the parties fails to appoint its arbitrator within the mentioned period or that the appointed arbitrators fail to agree on the umpire, each of the parties may request the President of the International Arbitral Tribunal of the International Chamber of Commerce to appoint the failing party's arbitrator or the umpire, as the case may be. In any event the umpire shall be appointed amongst nationals of a country having diplomatic relations with both Contracting Parties.

3. The arbitration shall be conducted according to the arbitration rules of the United Nations Commission on International Trade Law (UNCITRAL).arbitration rules of the United Nations Commission on International Trade Law (UNCITRAL).

4. A dispute primarily referred to the competent courts of the Contracting Party in whose territory the investment is made, as long as it is pending, cannot be referred to arbitration save with the parties agreement; and in the event that a final judgement is rendered it cannot be referred to arbitration.

5. National courts shall not have jurisdiction over any dispute referred to arbitration. However, the provisions of this paragraph do not bar the winning party to seek for the enforcement of the arbitral award before national courts.

6. The decisions of the tribunal shall be final and binding for the 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 by amicable consultation. If such a dispute has not been settled within six months from the date at which consultation was requested, either of the Contracting Parties may with the observance of its laws and regulations, submit the dispute to a board of arbitration of three members consisting of two arbitrators appointed by the Contracting Parties and an umpire, while sending a notice to the other party.

In case of submission of the dispute to the arbitration, either of the Contracting Parties shall appoint an arbitrator within 60 days from the receipt of the notification and the arbitrators appointed by the Contracting Parties shall appoint the umpire within 60 days from the date of last appointment. If any of the Contracting Parties does not appoint its own arbitrator or the appointed arbitrators do not agree on the appointment of the umpire within the said periods either of the Contracting Parties may request the president of the International Court of Justice, to appoint the arbitrator on behalf of the failing party or the umpire, as the case may be. However the umpire shall have to be a national of a country having diplomatic relation with both Contracting Parties at the time of the arbitration.

2. In the case of appointment of the umpire by the International Court of Justice, 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 is a national of either Contracting Party, the appointment shall be made by senior member of the said court who is not national of either Contracting Party. The decisions of the board of arbitration are binding on the Contracting Parties.

3. Subject to other provisions agreed by the Contracting Parties, the tribunal shall determine its procedure and the place of arbitration.

4. The decisions of the tribunal shall be binding on the Contracting Parties.

Article 13. Entry Into Force

This Agreement shall enter into force as from 30 days after the latter date on which either Contracting Party notifies the other in writing through diplomatic channels that its internal legal requirements for the entry into force of this Agreement have been fulfilled.

Article 14. Duration and Termination

1. This Agreement shall enter into force for a period of 10 years as from the date of entry into force of this Agreement. After the expiration of the said period, this Agreement shall remain in force thereafter unless one of the Contracting Parties notifies in writing by a prior six months notice the other Contracting Party of its intention to terminate the Agreement.

2. With respect to investments made or acquired prior to the expiration of validity of this Agreement, the provisions of all the other Articles of this Agreement shall thereafter continue to be effective for a further period of ten years from such date of expiration.

Done in duplicate at Tehran this 2nd day of October 1998 in the Polish, Persian and English languages, all texts being equally authentic. In case of divergence of interpretation the English text shall prevail.

Protocol

On signing the Agreement between the Government of the Republic of Poland and the Government of the Islamic Republic of Iran on Reciprocal Promotion and Protection of Investments, Contracting parties also agreed on the following provision, which shall be deemed as an integral part of the Agreement.

- As far as the Islamic Republic of Iran is concerned this Agreement shall apply only to investments approved by the competent authorities of the Islamic Republic of Iran. The competent authority in the Islamic Republic of Iran is: Organization for Investment, Economic and Technique Assistance of Iran (O.L.E.T.A.I.)

- As far as the Republic of Poland is concerned, the Agreement shall appply to all investments by investors of the Islamic Republic of Iran within the territory of the Republic of Polanc in accordance with the legislation in the Republic of Poland

related to investment and implementing regulations or laws and regulations which will succeed to the above mentioned law and regulations

For the Government of the Islamic Republic of Poland.

J. Steinhoff

For the Government of the Islamic Republic of Iran.

(signature)