AGREEMENT BETWEEN THE ITALIAN REPUBLIC AND THE PEOPLE'S REPUBLIC OF BULGARIA CONCERNING THE RECIPROCAL PROMOTION AND PROTECTION OF INVESTMENTS

The Republic of Italy and the People's Republic of Bulgaria hereafter referred to as Contracting Parties,

Desiring to create favourable conditions for greater economic cooperation between the two countries and especially for investments by investors of one Contracting Party in the territory of the other Contracting Party and, recognising that mutual encouragement and protection, under the Agreements international, such investments will boost economic initiatives and promote development. of economic relations, in the context of the Final Act of the Conference on Security and Safety and the Cooperation in Europe, they agreed the following:

Article 1.

For the purposes of this Agreement:

1. The term "Investments" includes the rights to a shareholding in a company or those deriving from another type of participation in a company, as well as all other values of assets relating to economic activity:

a) Property and other real rights;

b) Any right to benefits that have an economic value associated with an investment;

c) Copyrights, trademarks, trade names, know-how and goodwill;

d) Any rights conferred by law or by contract and any administrative authorization in accordance with law.

Changes in the form in which the value of goods is invested do not change their investment quality, unless such changes are in contradiction with the laws in their country.

2. The term "Investor" means:

- For the Italian Republic:

(A) natural persons having Italian nationality in accordance with their laws;

(B) legal persons, commercial companies or other companies with or without legal personality based in the Republic of Italy legally recognized, whether or not their liability is limited.

- For the People's Republic of Bulgaria:

(a) any legal person formed in accordance with Bulgarian law and having its own head office in the territory of the People's Republic of Bulgaria;

(b) any natural person who, according to Bulgarian legislation, is considered as a citizen of the People's Republic of Bulgaria and to the extent that he is entitled to act as an investor under Bulgarian law.

3. The term "proceeds" shall be understood to mean all sums derived from an investment as defined as Article 1 paragraph 1, including profits, interest, capital gains, dividends, liquidation shares, patent rights and other rights.

4. The term "territory" indicates the territory of the State of the Italian Republic and the Republic of Italy. People of Bulgaria as well as the maritime and submarine areas adjacent to the coast of the two states where the Italian Republic and the People's Republic of Bulgaria exercise sovereign rights or jurisdiction according to International Law.

Article 2.

1. Each Contracting Party shall encourage investors from the other Contracting Party to make investments in their territory and, in the exercise of the powers conferred by their laws, shall authorize such investments.

2. Each Contracting Party shall always ensure fair and equitable treatment to investors of the other Contracting Party. Each Contracting Party shall ensure that the management, maintenance, use, enjoyment, transfer or transformation of investments in its territory made by investors of the other Contracting Party shall in no way be affected by unjustified or discriminatory measures.

Article 3.

1. Each Contracting Party, in its territory, shall accord to investments made and investor interest of the other Contracting Party a treatment no less favorable than that reserved for investments made and third party investors' income.

2. This treatment does not refer to the privileges that one of the Contracting Parties grants to third-country investors on the basis of their membership of a Customs or Economic Union, a Common Market, a Free Trade Area or a Multilateral Economic Agreement, to an agreement concluded between one of the Contracting Parties and a third State to avoid double taxation or the facilitation of cross-border trade.

Article 4.

1. Investments made by investors of one of the Contracting Parties may be subject to expropriation or nationalization measures in the territory of the other Contracting Party only by law, in the public interest, on a non-discriminatory and indemnification basis. Compensation shall correspond to the real value of the investment subject to expropriation or nationalization measures, calculated immediately before the adoption of the expropriation and nationalization or foreseeable future expropriation and nationalization has become public. Compensation will have to be paid immediately after it has become payable without undue delay and the related amount must be freely transferable in convertible currency.

2. Compensation will include interest calculated at six-month LIBOR, matured from expropriation or nationalization until the date of payment.

3. Compensation, once due, will be promptly paid and authorized for repatriation no later than three months.

4. Investors of a Contracting Party who due to war, other armed conflicts, states of emergency or other similar events, suffer in the territory of the other Contracting Party losses of invested capital, will be treated no less favourably by the latter Contracting Party, as regards compensation, indemnification or other compensation provided for by law, than investors from third States; companies with participation of investors from the other Contracting Party will be treated no less favourably in such cases than companies with participation of investors from third States. Payments are freely transferable.

Article 5.

1. Each of the Contracting Parties shall ensure, after the fulfilment of all fiscal obligations, the transfer - in accordance with the modalities of the attached Protocol with regard to the People's Republic of Bulgaria - without undue delay of the following:

a) The capital or the complementary amount intended to maintain or increase the investment;

b) All net profits, dividends, interest arising from the investor's investment of the other Contracting Party;

c) Revenues deriving from the total or partial liquidation of the investment made by an investor of the other Contracting Party;

d) Revenues deriving from the total or partial sale of the investment made by an investor of the other Contracting Party;

e) The sums needed to settle expenditure arising from the operation of the investment such as:

- repayment of loans;

- payment of patent rights and other rights;

- payment of other expenses;

f) remuneration and allowances received by nationals of the other Contracting Party; and arising from work and services carried out in relation to an investment made in the its territory, to the extent and in the manner provided for by its laws and regulations regulations.

2. Without limiting the scope of Article 3 of this Agreement, the Contracting Parties undertake to grant the transfers referred to in paragraph 1 of this Article the same favourable treatment reserved for those deriving from investments made by investors from third countries.

3. The transfers referred to in Articles 4, 5 and 6 of this Agreement shall be carried out without delay at exchange rate in force in the country where 1 investment was made on the date of the transfer, after the fulfilment of tax obligations.

4. In any case, the delay for the execution of the transfer may not exceed one month starting from day of your request.

Article 6.

1. If by virtue of a legal or contractual guarantee covering non-commercial risks associated with an investment, one of the Contracting Parties or one of its Institutions pays indemnities to its own investors, the other Contracting Party shall acknowledge that the rights of the indemnified investors have been transferred to the Contracting Party or Institution concerned in its capacity as guarantor.

2. In the same capacity as the investors and to the extent of the rights thus transferred, the guarantor may, in terms of subrogation, exercise and enforce the rights and claims of such investors.

3. In respect of the rights transferred, the other Contracting Party may, in respect of the subrogated guarantor in respect of the rights of the indemnified investors, enforce the obligations which are legally or contractually incumbent on the latter.

Article 7.

1. Disputes concerning the adoption and application of expropriation measures or nationalization shall be subject to the jurisdiction of the ordinary or administrative judiciary of the Party which adopted them.

Disputes concerning such measures, including disputes over the amount of compensation payable by a Contracting Party to an Investor of the other Contracting Party, shall, as far as possible and independently of the provisions of the preceding paragraph, be amicably composed by the respective Contracting Party and interested investors.

2. If disputes can not be composed in a friendly manner in accordance with the provisions of paragraph 1, disputes may be brought by the interested investor in paragraph 1, the investor concerned may submit the dispute:

a) To the Court of the Contracting Party competent in the matter;

b) To an Ad hoc Arbitration Tribunal in accordance with the provisions of paragraph 2 of the Additional Protocol.

Article 8.

1. Disputes concerning the interpretation or application of this Agreement shall be settled through negotiations between the Contracting Parties.

2. In the event that such disputes can not be constituted for a reasonable period but no later than six months after the date on which one of the Contracting Parties has notified it in writing to the other Contracting Party, they shall be submitted at the request of one of the Contracting Parties, to an Ad hoc Arbitral Tribunal in accordance with the provisions of this Article.

3. The Ad hoc Arbitral Tribunal shall be constituted case by case as follows: within two months from the receipt of the request for arbitration, each of the two Contracting Parties shall appoint a member of the Ad hoc Arbitral Tribunal. The two members will then have to choose a citizen of a third state, who will serve as President (hereinafter referred to as the President). The appointment of the President shall be confirmed by the two Contracting Parties within three months of the date of designation by the two members of the Tribunal.

The President and the two members of the Ad hoc Arbitral Tribunal shall be citizens of States holding diplomatic relations with the two Contracting Parties.

4. If, within the time limit referred to in paragraph 3 of this Article, one of the Contracting Parties has not appointed his or her arbitrator or the two arbitrators shall not have been accorded to the President, the Contracting Party concerned may make a request to the President of the International Court of Justice Make the appointment. In the event that he is a citizen

of one of the Contracting Parties or is unable to do so, he will be asked to appoint the Vice President of the Court. If, however, the Vice President is a citizen of one of the Contracting Parties or can not at all be able to do so, the member of the International Court of Justice who follows him by seniority and who is not a citizen of one of the Contracting Parties shall be invited to make the nomination.

5 . The President and members of the arbitral tribunal so appointed shall be citizens of States holding diplomatic relations with the two Contracting Parties.

The Arbitral Tribunal will establish its own procedures.

Before the arbitral tribunal can decide at any stage of the proceedings, it may propose to the parties that the dispute be composed amicably.

The Ad hoc Arbitration Tribunal will make its decisions on the basis of the provisions of this Agreement, of the relevant national laws as applicable and of the universally accepted principles and norms of International Law. The Ad hoc Arbitral Tribunal will decide by majority vote and its decisions will be binding.

Each Contracting Party shall bear the expenses of its arbitrator and those for its representation in the proceedings. The expenses for the President and the remaining expenses will be borne by the two States in equal shares.

Article 9.

The provisions of this Agreement shall apply regardless of whether or not there are diplomatic or consular relations between the Parties.

Article 10.

1. If a matter is governed by both this Agreement and another International Agreement to which the two Contracting Parties are parties, there is nothing in this Agreement to prohibit any of the Contracting Parties or any of their legal or natural persons who have made investments In the territory of the other Contracting Party, to benefit from the most favourable rules.

2. Where the treatment provided by a Contracting Party to investors of the other Contracting Party, in accordance with its laws and regulations, is more favorable than that provided for in this Agreement, the most favorable treatment shall be applied.

Article 11.

Each Contracting Party shall, in accordance with its laws and regulations, and as far as possible, regulate the problems of entry, stay, work and movement on its territory of nationals of the other Contracting Party and members of their family who carry out Investment activities in the spirit of this Agreement.

Article 12.

This Agreement shall apply to investments made by investors of one of the Contracting Parties in the territory of the other Contracting Party, in accordance with its law, from 10 January 1960.

Article 13.

Each Contracting Party may propose to the other Contracting Party consultations on any matter relating to the performance or interpretation of this Agreement.

The other Contracting Party shall take the necessary measures to make this consultation possible.

Article 14.

This Agreement is subject to ratification and will enter into force 30 days after the date of the exchange of the instruments of ratification.

Article 15.

1. This Agreement will remain in force for a period of 10 years and will remain in effect for a further 5-year period unless one of the two Parties denies it in writing within a year before its expiry.

2. For investments made prior to the expiry date of this Agreement, the provisions of Articles 1 to 14 shall remain in force for a further 15 years from the date of expiry of this Agreement. Articles 1 to 14 shall remain in force for a further 15 years From the date of expiration of this Agreement.

DONE in duplicate at Rome on 5 December 1988, in the Italian and Bulgarian languages, both texts being equally authentic.

FOR THE POPULAR REPUBLIC OF BULGARIA

FOR THE ITALIAN REPUBLIC

Protocol

On the occasion of the signing of the Agreement between the Italian Republic and the People's Republic of Bulgaria on the reciprocal promotion and protection of investments, the undersigned also agreed on the the following provisions, which form an integral part of the Agreement:

1. With Reference to Article 5

1. With regard to the People's Republic of Bulgaria 1and the provisions of Article 5 § 1 letter (a) to (e) shall apply in such a way that the free transfer is effected by withdrawal from the convertible currency account of the joint enterprise or investor concerned.

2. In case a joint enterprise carries on, with the authorisation of the Bulgarian authorities, an activity which is the profits of which are wholly or partly produced in local currency and which for that in the event that it does not have sufficient liquidity in convertible currency, the Banca Popolare di Bulgaria will provide the convertible currency necessary to transfer the proceeds of the investment and of the its total or partial liquidation - points b) and c) of Article 5 § 1 - in exchange for local currency.

3. With respect to the sale of shares and the sale of property arising from the liquidation of the foreign investor's participation in the investment, the legislation applies Bulgarian for contracts between foreign natural or legal persons and Bulgarian legal persons.

When cash payment is foreseen in the relevant contract it is stipulated that it will take place in convertible currency.

2. With Reference to Article 7

The ad hoc Arbitral Tribunal referred to in Article 7 § 2 shall be constituted for each individual case as follows:

a) Each of the Parties to the dispute shall choose an arbitrator. These two arbitrators appoint a President who must be a national of a third State. The arbitrators must be chosen within two months, while the Chairman must be appointed within three months from the date on which the investor is a party to the dispute, will have informed the following the other Contracting Party of its intention to submit the dispute to arbitration ad hoc.

If the above mentioned deadlines are not respected, each of the Parties in the may invite the President of the International Court of Arbitration to the Stockholm Chamber of Commerce to make the appointment within two months request.

The President and the two members of the ad hoc Arbitral Tribunal shall be nationals of of States having diplomatic relations with the Contracting Parties. The ad hoc Arbitral Tribunal, referred to in Art.7 § 2, shall determine the rules of its procedure in accordance with the rules of the United Nations Commission for the international trade law (UNCITRAL), approved at the Conference of the 15.12.1976.

b) The ad hoc Arbitral Tribunal shall decide by majority vote.

Its award shall be final and binding on the two Parties in the dispute, and shall be rendered executive by the two Parties in the dispute in accordance with national legislation.

c) The Arbitral Award shall be determined in accordance with national law, including including the conflict rules of the Contracting Party, which accepts the investments and in compliance with the provisions of this Agreement and general principles of law international recognized by the two Contracting Parties.

(d) Each of the Parties to the dispute shall bear its own costs and expenses for its own arbitrator and those for his representation in the proceedings. The expenses for the Chairman and the the remaining costs of the Arbitral Tribunal shall be borne by the two Parties in the following amounts equal.

DONE in duplicate in Rome on December 5, 1988, in Italian and in Bulgarian, both in Italian and Bulgarian. equally authentic texts.

FOR THE PEOPLE'S REPUBLIC OF BULGARIA

FOR THE ITALIAN REPUBLIC