AGREEMENT BETWEEN THE GOVERNMENT OF THE REPUBLIC OF ARMENIA AND THE GOVERNMENT OF THE REPUBLIC OF IRAQ FOR THE ENCOURAGEMENT AND RECIPROCAL PROTECTION OF INVESTMENTS

The Government of the Republic of Armenia and the Government of the Republic of Iraq hereinafter referred to as the "Contracting Parties";

Desiring to create favorable conditions for the development of economic cooperation between them and in particular for investments by investors of the State of one Contracting Party in the territory of the State of the other Contracting Party;

Recognizing that the encouragement and reciprocal protection of such investments will be conducive to the stimulation of business initiative and to the increase of prosperity in the States of both Contracting Parties;

Have agreed as follows:

Article 1. Definitions

For the purposes of this Agreement:

1. The term "investments" shall mean every kind of asset in the territory of the State of one Contracting Party that is owned or controlled directly or indirectly by an investor of the State of the other Contracting Party adding value to the economy, and includes, but not exclusively: assets or rights consisting or taking the form of:

(a) shares, stocks, and other forms of equity participation, and bonds, debentures, and other forms of debt interests in a company, and other debts and loans and securities issued by any investor of a State of the Contracting Party;

(b) claims to money and claims to any other assets or performance pursuant to a contract having an economic value;

(c) intellectual property rights, including, but not limited to, copyrights, trademarks, patents, industrial designs and patterns and technical processes, know-how, trade secrets, trade names and goodwill;

(d) any right conferred by law, contract or by virtue of any licenses or permits granted pursuant to law, including rights to prospect, explore, extract, or utilize natural resources, and rights to undertake other economic or commercial activities related to the investments or to render services;

(e) any other tangible and intangible, movable and immovable property, and any related property rights, such as leases, mortgages, liens and pledges.

The term "investment" shall also apply to "returns" retained for the purpose of re-investment and to proceeds from "liquidation" as these terms are defined hereinafter.

Any change in the form in which assets or rights are invested or reinvested shall not affect their character as investments.

2. The term "investor" with respect to a Contracting Party shall mean:

(a) a natural person holding the nationality or citizenship of that Contracting Party in accordance with its applicable laws;

(b) any legal person constituted or incorporated under the laws and regulations of that Contracting Party, such as institutions, development funds, agencies, foundations and other statutory establishments and authorities, and companies.

3. The term "company" shall mean any legal entity, whether or not organized for the purpose of pecuniary gain, and whether privately or governmentally owned or controlled, which is constituted under the laws of a Contracting Party or is owned or effectively controlled by investors of a Contracting Party, and includes corporations, trusts, partnerships, branches, joint ventures, associations or other similar organizations.

4. The term “returns” shall mean amounts yielded by an investment, irrespective of the form in which they are paid, and in particular, though not exclusively, include profits, interest, capital gains, dividends, royalties, and management fees, technical assistance or other payments or fees, and payments in kind, regardless of its type.

5. The term “liquidation” shall mean any disposal effected for the purpose of completely or partly giving up an investment.

6. The term “territory” means:

a. With respect to the Republic of Armenia: land territory, internal waters and airspace above them, over which the Republic of Armenia exercises sovereign rights and jurisdiction in accordance with its national laws in force and international law.

b. With respect to the Republic of Iraq: the territory of the Republic of Iraq including land territory, internal waters, territorial sea and any area beyond the territorial sea which in accordance with international law has been or may hereafter be designated under the laws of the Republic of Iraq as an area over which the Republic Iraq may exercise sovereign rights or jurisdiction according to the International law.

7. The term “freely convertible currency” shall mean any currency that the International Monetary Fund determines, from time to time, as freely usable currency in accordance with the Articles of Agreement of the International Monetary Fund and any amendment thereto.

8. The term “without delay” shall mean such period as is normally required for the completion of necessary formalities for the transfer of payments. The said period shall commence on the day on which the request for transfer has been submitted and may on no account exceed one month.

Article 2. Encouragement and Protection of Investments

1. Each Contracting Party shall encourage and create favorable conditions for investments of investors of the other Contracting Party in its territory, and, subject to its right to exercise powers conferred by its national legislation, shall admit such investments.

2. Investments of investors of a Contracting Party shall at all times be accorded fair and equitable treatment and shall enjoy full protection and security in the territory of the other Contracting Party in a manner consistent with recognized principles of national legislation and the provisions of this Agreement. Neither Contracting Party shall in any way impair by unreasonable or discriminatory measures the management, maintenance, use, enjoyment or disposal of investments in the territory of investors of the other Contracting Party.

3. Once established, investments of investors of either Contracting Party shall not be subject to additional performance requirements which may be detrimental to their viability or adversely affect their use, management, conduct, operation, expansion, sale or other disposition according to the national legislation.

Article 3. Treatment of Investments

1. With respect to the use, management, conduct, operation, expansion and sale or other disposition of investments made in its territory by investors of the other Contracting Party, each Contracting Party, in accordance with its national legislation, shall accord treatment no less favorable than that it accords, in similar situations, to investments of its own investors or investors of any third Party, whichever is most favorable to those investments.

2. However, the provisions of this Article shall not be construed so as to oblige one Contracting Party to extend to the investors of the other Contracting Party the benefit of any treatment, preference or privilege resulting from:

(a) any customs union, economic union, free trade area, monetary union, or any other form of regional economic arrangement or other similar international agreement, to which either of the Contracting Parties is or may become a party;

(b) any international, regional or bilateral agreement or other similar arrangement or any domestic legislation relating wholly or mainly to taxation.

Article 4. Compensation for Losses

1. Except where Article 6 applies, when investments made by an investor of either Contracting Party suffers a loss owing to war or other armed conflict, a Party of national emergency, revolt, civil disturbances, insurrection, riot or other similar events in the territory of the other Contracting Party, he shall be accorded by the latter Contracting Party, treatment, as regards restitution, indemnification, compensation or other settlement, not less favorable than that the latter Contracting

Party accords to its own investors or investors of any third Party, whichever is most favorable to the investor.

2. Without prejudice to paragraph 1, investors of one Contracting Party who in any of the events referred to in that paragraph suffers a loss in the territory of the other Contracting Party resulting from:

(a) requisitioning of its investments or part thereof by its forces or authorities;

(b) destruction of its investments or part thereof by its forces or authorities which was not caused in combat action or was not required by the necessity of the situation;

(c) shall be accorded restitution or compensation which in either case shall be prior, adequate and effective for the damages or losses they have suffered.

Article 5. Expropriation or Alienation

1. (a) Investments made by investors of any of the Contracting Parties in the territory of the other Contracting Party shall not be nationalized, expropriated, alienated, dispossessed or subjected to direct or indirect measures having effect equivalent to nationalization, expropriation, alienation or dispossession (hereinafter collectively referred to as "expropriation or alienation") by the other Contracting Party except for a public purpose related to the internal needs of that Contracting Party and against prior, adequate and effective compensation and on condition that such measures were taken on a non-discriminatory basis and in accordance with due process of national legislation of general application.

(b) Such compensation shall amount to the actual value of the expropriated or alienated investments and shall be determined and computed in accordance with internationally recognized principles of valuation on the basis of the fair market value of the expropriated or alienated investment at the time immediately before the expropriatory action was taken or the impending expropriation or alienation became publicly known, whichever is earlier (hereinafter referred to as the "valuation date"). Such compensation shall be calculated in a freely convertible currency to be chosen by the investor, on the basis of the prevailing market rate of exchange for that currency on the valuation date and shall include interest at a commercial rate established on a market basis, however, in no event less than the prevailing LIBOR - rate of interest or equivalent, from the date of expropriation until the date of payment.

2. For further certainty, expropriation or alienation shall include situations where a Contracting Party expropriates or alienates the assets of a company or enterprise that is incorporated or established under the national legislation in force in its own territory in which an investor of the other Contracting Party has an investment, including through the ownership of shares, stocks, debentures or other rights or interests.

3. For the purposes of this Agreement, the term "expropriation or alienation" shall also include any interventions or regulatory measures by a Contracting Party that have a de facto expropriatory effect, in that their effect results in depriving the investor in fact from his ownership, control or substantial benefits over his investment or which may result in loss or damage to the economic value of the investment, such as the freezing or blocking of the investment, levying of arbitrary or excessive taxes on the investment, compulsory sale of all or part of the investment, or other comparable measures.

Article 6. Transfers of Payments Related to Investments

1. Each Contracting Party shall guarantee to investors of the other Contracting Party the free transfer of investments and payments in connection with them into and out of its territory according to its national legislation.

2. Transfers of payments under paragraph (1) shall be affected without delay or restrictions and, except in the case of payments in kind and, in a freely convertible currency. In case of such delay in effecting the required transfers, the investor affected shall be entitled to receive interest for the period of such delay.

3.The hosting Contracting Party shall, when necessary to protect the balance of payments , impose precautionary measures on the transfer process for 180 one hundred and eighty days, extendable for a period not exceeding 90 ninety days.

Article 7. Subrogation

1. If a Contracting Party or its designated agency (the "Indemnifying Party"), makes a payment under an indemnity or guarantee for no commercial risk it has assumed in respect of an investment in the territory of the other Contracting Party (the "Host Party"), the Host Party shall recognize:

(a) the assignment to the Indemnifying Party by law or by legal transaction of all the rights and claims resulting from such an investment;

(b) the right of the Indemnifying Party to exercise all such rights and enforce such claims and to assume all obligations related to the investment by virtue of subrogation.

2. The Indemnifying Party shall be entitled in all circumstances to the same treatment in respect of:

(a) the rights and claims acquired and the obligations assumed by it by virtue of the assignment referred to in paragraph 1 above;

(b) any payments received in pursuance of those rights and claims, as the original investor was entitled to receive by virtue of this Agreement in respect of the investment concerned.

Article 8. Settlement of Disputes between a Contracting Party and an Investor

1. Dispute arising between one Contracting Party and the investor of the other party shall be settled amicably by negotiation and conciliation.

2. If dispute was not settled amicably and after using internal non-judicial remedies during (180) one hundred and eighty days from the date of the written request of any of the disputing parties, the dispute should be settled through one of the following means:

(a) National Court of a hosting party or,

(b) International Centre for Settlement of Investment Disputes (ICSID), established pursuant to the Convention on the Settlement of Investment Disputes between Parties and Nationals of other Parties opened for signature at Washington, 18 March 1965 (the Washington Convention) in accordance with the facilitations given in the agreement annex if one party is not a member or,

(c) Arbitral tribunal

Each Party to the dispute shall appoint one arbitrator, and the two arbitrators thus appointed, shall select by mutual agreement a third arbitrator, who must be a citizen of a third country, with which both countries have diplomatic relations, and who shall be appointed as Chairman of the tribunal by the two Parties. All the arbitrators must be appointed within two months from the date of notification by one Party to dispute to the other of its intention to submit the dispute to arbitration. If the arbitrators do not agree on appointing the President of the arbitral tribunal, any of the parties to dispute may request the Secretary-General of the Permanent Court of Arbitration in The Hague to make the appointments provided that the secretary-general is not a national of one Contracting Party and if the Secretary - General of the Permanent Court of Arbitration is a national of one Contracting Party, the request shall be submitted to his deputy, if not a national of any of the Contracting Parties.

3. The arbitral tribunal shall reach its decisions on the basis of majority vote and decisions shall be binding. Both parties shall bear the expenses of the arbitrator appointed by them and the expanses of the President and other expenses equally.

4. The decision of the arbitration shall be final and each Contracting Party shall recognize and implement in accordance with its laws and regulations in force.

5. No investor is entitled to establish a case against the host country in the event of issuing a final court or arbitration ruling regarding the dispute.

6. No investor is entitled to establish a case before a national court or any tribunal after three (3) years from the date of knowing or assuming knowledge of the subject of the dispute.

7. In case of the Republic of Armenia: For the purpose of applying the provisions of this article the foreign investor who holds the nationality of the Republic of Armenia is supposed to be a citizen of that country.

8. In case of the Republic of Iraq: For the purpose of applying the provisions of this article the foreign investor who holds the nationality of the Republic of Iraq is supposed to be a citizen of the Republic of Iraq.

Article 9. Settlement of Disputes between Contracting Parties

1. The Contracting Parties shall, as far as possible, settle any dispute concerning the interpretation or application of this Agreement through consultations or other diplomatic channels.

2. If the dispute has not been settled within six months following the date on which such consultations or other diplomatic channels were requested by either Contracting Party and unless the Contracting Parties otherwise agree in writing, either

Contracting Party may, by written notice to the other Contracting Party, submit the dispute to an ad hoc arbitral tribunal in accordance with the following provisions of this Article.

3. The arbitral tribunal shall be constituted as follows: each Contracting Party shall appoint one member, and these two members shall agree upon a national of a third Party as Chairman of the arbitral tribunal to be appointed by the two Contracting Parties. Such members shall be appointed within two months, and such Chairman within four months, from the date on which either Contracting Party has informed the other Contracting Party that it intends to submit the dispute to an arbitral tribunal.

4. If the periods specified in paragraph 3 above have not been complied with, either Contracting Party may, in the absence of any other arrangement, invite the President of the International Court of Justice to make the necessary appointments. If the President of the International Court of Justice is a national of either Contracting Party or if he is otherwise prevented from discharging the said function, the Vice-President of the International Court of Justice shall be invited to make the necessary appointments. If the Vice-President of the International Court of Justice is a national of either Contracting Party or if he, too, is prevented from discharging the said function, the member of the International Court of Justice 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 take its decision by a majority of votes. Such decision shall be made in accordance with this Agreement and shall be final and binding on both Contracting Parties. Each Contracting Party shall bear the costs of the member of the arbitral tribunal appointed by that Contracting Party, as well as the costs for its representation in the arbitration proceedings. The expenses of the Chairman as well as any other costs of the arbitration proceedings shall be borne in equal parts by the two Contracting Parties. However, the arbitral tribunal may, at its discretion, direct that a higher proportion or all of such costs be paid by one of the Contracting Parties. In all other respects, the arbitral tribunal shall determine its own procedure.

Article 10. Preventive Measures

Any Contracting Party shall take any measures necessary to protect its security interests, including:

- necessary measures to prevent and combat crime;

- necessary measures to prevent smuggling trade of weapons and ammunition and war equipment and transactions, materials and services for the purpose of supplying a military, semi-military or security organization, directly or indirectly;

- works related to the implementation of national policies or international agreements on the prevention of the proliferation of nuclear weapons, nuclear or non-nuclear explosive devices;

- implementation of its obligations under the UN Charter to maintain international peace and security;

- measures taken by one of the Contracting Parties in time of war or emergency;

- Necessary measures to protect the environment from pollution.

Article 11. Pecuniary Measures to National Legislation

The application of the provisions of this Agreement does not prevent the validity of the national legislation of the host country aiming at combating corruption, money laundering and decomposition of the obligations arising from the investment contract.

Article 12. Application of other Rules

If the obligations of Contracting Parties under international law existing at present or established hereafter between them, in addition to this Agreement, contain rules, whether general or specific, entitling investments by investors of the other Contracting Party to a treatment more favorable than is provided for by this Agreement, such rules shall to the extent that they are more favorable to the investor prevail over this Agreement.

Article 13. Scope of the Agreement

This Agreement shall apply to all investments, whether existing at or made after the date of its entry into force by investors of either Contracting Party in the territory of the other Contracting Party.

Article 14. Entry Into Force

Each Contracting Party shall notify the other in writing when its constitutional requirements for the entry into force of this Agreement have been fulfilled, and the Agreement shall enter into force on the thirtieth day after the date of receipt of the later notification

Article 15. Duration, Amendments and Termination

1. This Agreement shall remain in force for a period of ten (10) years and shall continue in force thereafter for five (5) years unless, at least one year before the expiry of the initial or any subsequent period, either Contracting Party notifies the other Contracting Party in writing of its intention to terminate this Agreement.

2. This Agreement can be amended by mutual consent of the Contracting Parties. These amendments shall enter into force in accordance with Article 14 of this Agreement.

3. In respect of investments made prior to the date when the notice of termination of this Agreement becomes effective, the provisions of this Agreement shall continue to be effective for a period of five (5) years from the date of termination of this Agreement.

In witness whereof, the respective plenipotentiaries of both Contracting Parties have signed this Agreement.

Done at Baghdad on 7 November 2012 in two original copies, each in Armenian, Arabic and English languages, all texts being equally authentic. In case of divergence in interpretation the English text shall prevail.

For the Government of the Republic of Armenia

For the Government of the Republic of Iraq