

AGREEMENT BETWEEN THE GOVERNMENT OF THE ITALIAN REPUBLIC AND THE KINGDOM OF SAUDI ARABIA ON THE MUTUAL PROMOTION AND PROTECTION OF INVESTMENTS

The Italian Republic and the Kingdom of Saudi Arabia

Wishing to intensify economic cooperation between the two countries and to create favorable conditions for investment by investors in each country in the territory of the other country, recognizing that the promotion and mutual protection of such investments will help to stimulate private entrepreneurial initiatives and increase The prosperity of both countries, have agreed as follows:

Article 1. For the Purposes of this Agreement

1. "Investment" means any asset held or controlled by an investor of a Contracting Party in the territory of the other Contracting Party in accordance with its law and, in particular but not exclusively, includes:

- a) Movable and immovable property, as well as any other remedies, such as mortgages, bonds and pledges, usufruct and similar rights;
- b) Shares, bonds and securities of companies and other types of rights or interests in undertakings as well as securities issued by a Contracting Party or any of its investors;
- c) Rights on sums of money, such as loans or any performance having an economic value linked to an investment;
- d) Intellectual property rights, including, but not limited to, copyrights, patents, industrial design, know-how, trade marks, commercial and business secrets, social reasons and goodwill;
- e) Any rights conferred by law or by public contract, as well as any license, authorization, and concession issued in accordance with the law.

Any modification of the form in which the assets are invested does not alter the qualification as an investment.

2. "Income" means any sum resulting from an investment, such as profits, dividends, royalties, capital gains or any kind of remuneration and similar nature.

3. By the term "investor" is meant:

a) With reference to the Kingdom of Saudi Arabia:

I. Natural persons who have the nationality of the Kingdom of Saudi Arabia in accordance with the law of the Kingdom of Saudi Arabia;

II. Any entity having or having no legal personality and constituted in accordance with the law of the Kingdom of Saudi Arabia and having its head office in the territory of that country, such as capital companies, partnerships, cooperatives, undertakings, offices, funds, Organizations, foundations and associations, and other similar entities, whether or not their liability is limited;

III. The Government of the Kingdom of Saudi Arabia and its financial institutions and authorities such as the Saudi Arabian Monetary Agency, public funds and other similar governmental institutions in Saudi Arabia;

b) With reference to the Italian Republic:

I. The Italians in the term given to this term by the Constitution of the Italian Republic;

II. Any legal person, any commercial or other business or association having or not having legal personality established in

accordance with the law and having its registered office in the territory of the Italian Republic, whether or not its business is for profit or not.

4. The term "territory" means, in addition to the land within the land borders, the marine and submarine areas on which the Contracting Parties exercise their sovereignty and sovereignty or jurisdiction under international law.

Article 2.

1) Each Contracting Party shall, as far as possible, promote investments by investors of the other Contracting Party and shall allow such investments in its territory in accordance with its legislation. However, it will grant such investments fair and fair treatment.

2) Neither of the two Contracting Parties shall in any way, by arbitrary or discriminatory measures, prejudice the management, direction, use, enjoyment or destination of the investments made in its territory by investors of the other Contracting Party.

Article 3.

1) Each Contracting Party shall accord investment, once approved, and investor investment income of the other Contracting Party not less favorable than that accorded to investment and investment income of investors of any third country.

2) Pursuant to its laws and regulations, each Contracting Party shall accord to investors, once approved and to investors' investment income of the other Contracting Party, no less favorable treatment than that accorded to investment and investment income of its investors.

3) In relation to the management, direction, use, enjoyment or destination of the investments, or the means to guarantee such investments their rights, such as transfers and indemnities, or other related activities in their territory, each Contracting Party shall grant investors 'The other Contracting Party shall treat as unfairly the treatment accorded to its investors or third country investors, whichever is the most favorable.

4) However, the provisions of paragraphs 1, 2 and 3 of this Article shall not apply to the privileges granted by each of the two Contracting Parties to investors of a third country by virtue of their own participation or association with a Customs Union, An economic union, a common market or a free trade area. Paragraphs 1, 2 and 3 of this Article shall not, however, apply to the privileges granted by each of the two Contracting Parties to investors in a third country in By virtue of their own participation or association with a Customs Union, an economic union, a common market or a free trade area.

5) The treatment granted under this Article shall not apply to the benefits that each of the two Contracting Parties grants to Third Party Investors under agreements to avoid double taxation or other tax arrangements.

Article 4.

1) Investments made by Investors in each of the Contracting Parties shall be fully protected and secured in the territory of the other Contracting Party.

2) Investments made by investors of each of the Contracting Parties shall not be expropriated, nationalized or subject to any other measure having a similar effect to the expropriation or nationalization by the other Contracting Party, except for the public purpose of that Contracting Party, Against immediate, adequate and effective compensation, provided that such measures are not discriminatory and are in accordance with national legislation of general application. Such compensation shall be equivalent to the value of the expropriated investment immediately before the date on which the actual or foreseen expropriation, nationalization or equivalent measure has been made public. Compensation shall be paid without delay and shall have a profit rate determined on the basis of the prevailing market rate until the date of payment; It must be effectively redeemable and freely transferable. Previously or at the time of expropriation, nationalization or similar measures should be taken to take appropriate measures to determine and compensate for compensation. The legality of expropriation, nationalization or similar measures and the amount of compensation shall be subject to revision or in accordance with law. If, as a result of the expropriation, the right object has not been used in whole or in part for public purposes, the owner or his attorneys will have the right to repurchase the property at a market price.

3) Investors of each of the two Contracting Parties whose investments suffer losses in the territory of the other Contracting Party following war or other forms of armed conflict, revolution, general state of emergency or revolt shall be accorded by that other Contracting Party A treatment no less favorable than that which the latter Contracting Party grants to its investors as regards repayment, indemnification, compensation or other good remuneration. Such payments must be freely

transferable.

4) Investors of each Contracting Party shall enjoy the treatment of the most favored nation in the territory of the other Contracting Party in relation to the matters referred to in this Article.

Article 5.

Each Contracting Party shall, after fulfillment of all tax obligations, afford investors of the other Contracting Party a free transfer of payments in respect of an investment, and in particular:

- a) Capital and additional capital for the maintenance and growth of investments;
- b) Income, remuneration and remuneration;
- c) Repayment of loans;
- d) Income from total or partial sale or total or partial liquidation of an investment;
- e) Compensation referred to in Article 4. Article 4.

Article 6.

In the case of a Contracting Party or agency

Connected to pay an investor on the basis of a guarantee assumed in relation to an investment made by him in the territory of the other Contracting Party the latter Contracting Party shall recognize the transfer of any right or requirement of the investor or any of its affiliates The first Contracting Party or any related agency.

Article 7.

1) The transfers referred to in Articles 4, (2), (3), 5 and 6 shall be made without undue delay and at the prevailing exchange rate applicable on the date on which the investor requests transfer.), (3), 5 and 6 shall be made without undue delay and at the prevailing exchange rate applicable on the date on which the investor requests the transfer.

2) This exchange rate shall correspond to the cross rate obtained on the basis of the rates that would be applied by the International Monetary Fund for the conversion of the currencies in question into Special Drawing Rights.

Article 8.

Where the legislation of either of the two Contracting Parties or the obligations under international law already existing or subsequently established between the Contracting Parties, in addition to this Agreement, contain a general or specific regulation, which entitles the holder to investment made by Investors of the other Contracting Party to a more favorable treatment than that laid down in the said Agreement, this Regulation shall, to the extent that it is more favorable, prevail over this Agreement in this context.

Article 9.

This Agreement shall also apply to investments made prior to its entry into force by investors from one of the two Contracting Parties in the territory of the other Contracting Party in accordance with its law.

Article 10.

1) Disputes arising between the Contracting Parties concerning the interpretation or application of this Agreement shall, as far as possible, be composed in a friendly manner by the Governments of the two Contracting Parties.

2) If a dispute can not be resolved within twelve months, it shall, at the request of one of the two Contracting Parties, be submitted to an arbitral tribunal.

3) This Arbitral Tribunal shall be constituted as "ad hoc" as follows: each Contracting Party shall appoint a component and these two members shall agree on a third-country national with the functions of President, who shall be appointed by the Governments of the two Contracting Parties. Such members shall be appointed within two months and the President within four months from the date on which each of the two Contracting Parties has informed the other Contracting Party that it

intends to bring the dispute to an arbitral tribunal.

4) If the terms of paragraph 3 of this Article have not been respected, each of the two Contracting Parties may, in the absence of any other agreement, request the President of the International Court of Justice to make appointments. If the President is a citizen of one of the Contracting Parties or otherwise can not fulfill his or her purpose, the Vice-President will make the necessary appointments. If the Vice President is a citizen of one of the Contracting Parties or for any other reason can not perform the aforementioned function, he shall be the senior member of the International Court of Justice who is not a national of a Contracting Party to proceed to the designation. Article, either of the two Contracting Parties may, in the absence of any other agreement, request the President of the International Court of Justice to make appointments. If the President is a citizen of one of the Contracting Parties or otherwise can not fulfill his or her purpose, the Vice-President will make the necessary appointments. If the Vice President is a citizen of one of the Contracting Parties or for any other reason can not perform the aforesaid function, he will be the senior member of the International Court of Justice who is not a national of a Contracting Party to designate.

5) The arbitral tribunal shall decide by majority vote. His decisions will be definitive and binding. Each Contracting Party shall bear the costs of its representative and legal costs in the arbitration proceedings. The expenses of the President and the remaining expenses shall be borne by the two Contracting Parties equally.

The Arbitral Tribunal may establish a different cost settlement. With regard to all other aspects, the Arbitral Tribunal will decide on its own procedures.

Article 11.

1) Disputes concerning investments between a Contracting Party and an investor of the other Contracting Party shall, as far as possible, be composed in a friendly manner.

2) Where such disputes can not be composed, within the meaning of paragraph 1 of this Article, within six months from the date of submission of the request for the composition, they shall be submitted, at the request of the investor concerned, to the competent court of the Contracting Party in The territory of which has been invested or subject to arbitration under the Convention of 18 March 1965 on the settlement of investment disputes between States and citizens of other States, paragraph 1 of this Article, within six months of the date They shall, at the request of the investor concerned, be submitted to the competent court of the Contracting Party in whose territory the investment was made or subject to arbitration under the Convention of 18 March 1965 on the composition of the Investment disputes between states and citizens of other states.

3) If the disputes are submitted, in accordance with paragraph (2), to the competent court of the Contracting Party, the investor may not rely at the same time on international arbitration. If the dispute is submitted to arbitration, the award shall be binding and non-appealable or shall be subject to any appeal or measure other than those provided for by that Convention. The award shall be applied in accordance with national law (2), to the competent court of the Contracting Party, the investor shall not be liable to international arbitration at the same time. If the dispute is submitted to arbitration, the award shall be binding and non-appealable or shall be subject to any appeal or measure other than those provided for by that Convention. The award shall be enforced in accordance with national law.

Article 12.

This Agreement shall enter into force irrespective of whether or not the Contracting Parties have diplomatic or consular relations.

Article 13.

1) This Agreement shall be ratified; The instruments of ratification will have to be exchanged as soon as possible.

2) This Agreement shall enter into force thirty days after the date of the exchange of the instruments of ratification. It shall remain in force for a period of 10 years and shall automatically be extended for an unlimited period unless it is denounced in writing by one of the Contracting Parties twelve months before its expiry. After the expiration of the 10-year period, this Agreement may be denounced at any time by one of the Contracting Parties by giving twelve months notice.

3) In the case of investments made before the expiration of this Agreement, its provisions from Article 1 to Article 11 shall remain in force for a further period of 20 years from the date of expiration of this Agreement. Article 1 to Article 11 Shall remain in force for a further period of 20 years from the date of expiration of this Agreement.

DONE at GEDDA on 10 September 1996, in duplicate, in the Italian, Arabic and English languages, all the texts being equally authentic. In case of divergence of interpretation, the English text will prevail.

FOR THE GOVERNMENT OF THE KINGDOM OF SAUDI ARABIA

FOR THE GOVERNMENT OF THE ITALIAN REPUBLIC