AGREEMENT between the Government of the Republic of Bulgaria and the Republic of Yemen on mutual encouragement and protection of investments

The Government of the Republic of Bulgaria and the Republic of Yemen, hereinafter referred to as the "Parties";

Desiring to accelerate economic cooperation for mutual benefit of both parties;

In an effort to establish and maintain fair and equitable conditions for investments by investors of either Contracting Party in the territory of the other Contracting Party;

Recognizing that the mutual promotion and protection of such investments contribute to the expansion of economic ties between the two countries and promote investment initiatives

They have agreed as follows:

Article 1. Definitions

For the purposes of this Agreement:

1. The term "investment" means any kind of investment of an investor of either Contracting Party in the territory of the other Contracting Party in accordance with the law of the Contracting Party in whose territory the investment was made, and shall include in particular, but not exclusively:

a) property rights, limited real rights on real estate, mortgages, liens;

b) shares, stocks, securities, or other forms of participation in a company;

c) monetary claims or claims to performance having economic value associated with the investment;

d) intellectual property rights, such as those defined in multilateral agreements concluded under the auspices of the World Intellectual Property Organization, where the Contracting Parties are parties thereto, including but not limited to copyright and related rights, patents, trademarks, trade names, industrial designs and rights in technical processes, rights in plants, know-how and goodwill;

e) any right conferred by law, contract or administrative act of a competent authority, including any law relating to concessions, provided that it is not contrary to the investment law and other laws in both Contracting Parties.

The investment includes the increase in value of investment in t. "A" to "e".

Any change in the form in which assets are invested or reinvested does not affect their character as investment, provided that the change is in accordance with the law of the Contracting Party in whose territory the investment has been made.

2. The term "returns" means the amounts legally yielded by an investment such as profits, dividends, interest, capital gains, profits from the transfer of property and other legitimate income.

3. The term "investor" means:

a) any natural person who is a national of the Party in accordance with its laws;

b) any company, enterprise, company, organization or association with or without legal personality, separate or constituted or otherwise duly incorporated under the laws of the Contracting Party and headquartered in the latter.

4. The term "territory" means:

a) in respect of the Republic of Bulgaria: state territory of the Republic of Bulgaria, including the territorial sea and continental shelf and the exclusive economic zone over which Bulgaria exercises sovereign rights or jurisdiction in accordance with international law;

b) in respect of the Republic of Yemen: State territory over which the Republic of Yemen sovereignty, including the islands and the territorial sea and exclusive economic zone and continental shelf over which the latter exercises its sovereignty or jurisdiction in accordance with its laws and international law.

Article 2. Promotion and Protection of Investments

1. Each Contracting Party shall promote and protect in its territory investments by investors of the other Contracting Party and admit such investments in accordance with its laws, giving them fair and equitable treatment and protection.

2. In case of reinvestment of returns on investment, these reinvestments and revenues from them enjoy the same protection as the original investment.

3. Each Contracting Party shall consider favorably and in accordance with its legislation questions concerning entry, stay, work and movement in its territory of nationals of other Contracting Party exercising activities related to investment, and members of their families forming part of their households.

Article 3. Treatment of Investors and Investments

1. Each Contracting Party shall within its territory accord to the investors of the other Contracting Party in respect of the expansion, management, operation, maintenance, use, possession and disposal of their investments treatment no less favorable than that accorded to its own investors or investors of any third state, depending on what is more favorable for these investors.

2. Each Contracting Party shall accord to investments made in its territory by investors of the other Party treatment no less favorable than that accorded to investments made by its own investors investing in such activities or investors of any third state, depending on what is more favorable.

3. The provisions of par. 1 and 2 of this Article shall be construed so as to oblige one Contracting Party to provide investors and their investments of the other Contracting Party the present or future benefit of any advantage or privilege which may be extended by the former Contracting Party to investors and their investments to a third country under:

a) participation in, or association with any existing or future customs union, free trade area, economic community, multilateral agreement on investment or a similar international institution, as well as other international agreements leading to such unions and other forms of economic cooperation;

b) any multilateral or bilateral agreement or arrangement relating wholly or mainly to taxation.

4. Each Contracting Party reserves the right to make or maintain in accordance with its legislation exceptions to the national treatment regimen provided under par. 1 and 2 of this Article. Any new exception, however, applies only to investments made after the entry into force of this exception.

5. If the provisions of domestic law of any Contracting Party or obligations under existing or future international agreements applicable between the Contracting Parties or other international treaties to which they are parties, contain regulations, whether general or specific providing investments by investors of the other Contracting party treatment more favorable than that provided in this agreement, such provisions shall prevail over the present agreement to the extent that they are more favorable.

Article 4. Compensation for Losses

An investor of one Contracting Party whose investments suffer losses in the territory of the other Contracting Party owing to war, other armed conflict, emergency or other similar events shall be provided in terms of recovery, indemnification, compensation or other settlement, not less measuring less favorable than that accorded to its own investors or investors of any third state, depending on what is more favorable.

Article 5. Expropriation and Compensation

1. Investments of investors of either Contracting Party in the territory of the other Contracting Party shall not be

nationalized, expropriated or subjected to measures having equivalent effect (hereinafter referred to as "expropriation"), unless they are undertaken for particularly important state needs, which can not be satisfied otherwise discriminatory basis, under due process of law and the prior, adequate and effective compensation.

2. Such compensation shall amount to the market value of the expropriated investment immediately before the expropriation or before the impending expropriation became public knowledge, depending on which of them is the earlier, shall be made without delay and shall include all compensation that will be freely realizable and freely transferable.

Article 6. Transfer of Payments

1. Each Contracting Party shall accord to investors of the other Contracting Party, after fulfillment of all their tax or other fiscal obligations of its kind free translation:

a) initial and additional sums to maintain or increase the investment;

b) returns from the investment;

c) revenues generated by the total or partial sale or liquidation of the investment;

d) amounts required for the payment of costs arising from the operation of the investment such as loan repayments, payment of patents, licensing fees, royalties or other fees;

e) compensation payable pursuant to Art. 4 and 5 (i. E. Compensation for losses and compensation for expropriation);

f) the remuneration received by nationals of other Contracting Party of any work done or service rendered in connection with investments made in its territory in accordance with its laws and regulations.

2. The transfers referred to in the preceding paragraph shall be made without delay in freely convertible currency agreed between the parties at the market exchange rate prevailing on the date of transfer in the territory of the Contracting Party where the investment was made.

3. All orders subject to in the present article shall be provided in accordance with the legislation of each Contracting Party treatment no less favorable than that accorded to transfers made by investors of any third state.

Article 7. Subrogation

If a Contracting Party or its designated agency makes payment to one of its own investors under a guarantee or contract of insurance given in respect of an investment in the territory of the other Contracting Party, the latter Contracting Party shall recognize the transfer of any right or claim belonging such investor to the first Contracting party or its designated agency and the right of the first Contracting party or its designated agency to exercise by virtue of subrogation any such right or claim to an amount not exceeding the right of the transferor to.

Article 8. Settlement of Disputes between the Contracting Parties

1. Disputes between the Contracting Parties concerning the interpretation or application of the provisions of this Agreement shall be settled as far as possible, amicably through negotiations.

2. If such a dispute between the contracting parties is not permitted under par. 1 of this Article within a period of six months from the date on which they are requested negotiations, it may be submitted at the written request of either Contracting Party for settlement to the arbitration court.

3. Such an arbitral tribunal shall be constituted for each individual case in the following way: Within three months of receipt of a request for arbitration, each Contracting Party shall appoint one member of the tribunal. Those two members shall select a third country maintains diplomatic relations with each contracting party, which approval of both Contracting Parties shall be appointed Chairman of the tribunal. The Chairman shall be appointed within two months from the date of appointment of the other two members.

4. If the time limits specified in par. 3 of this Article shall not be made the necessary appointments, each Contracting Party in the absence of any other agreement, may invite the President of the International Court of Justice to make the necessary appointments. If the President is a citizen of either Contracting Party or if he / she is unable otherwise to fulfill this function, the Vice-President shall be invited to make the necessary appointments. If the Vice-President is a citizen of either Contracting Party or if he / she is also prevented from discharging this function, the next most senior Member of the International Court of Justice who is not a citizen of either Contracting Party shall be invited to make the necessary

appointments.

5. The arbitral tribunal shall reach its decision based on the provisions of this Agreement, and based on generally accepted principles and norms of international law. The court shall determine its own procedure.

6. The arbitral tribunal shall reach its decision by majority vote. This decision is final and binding on both Parties.

7. Each Contracting Party shall bear the cost of its own member of the tribunal and of its representation in the arbitral process. The costs of the Chairman and other costs shall be borne equally by the Contracting Parties.

Article 9. Settlement of Disputes between an Investor and a Contracting Party

1. Any dispute which may arise between an investor of one Contracting Party and the other Contracting Party concerning an investment of that investor in the territory of the latter Contracting Party shall be permitted as far as possible, amicably through negotiations.

2. If such a dispute can not be settled within six months from the date on which either party to the dispute requested amicable settlement through negotiations, the investor may refer the dispute to the competent court of the Contracting Party in whose territory was carried out investment.

3. In case of disputes regarding art. 4, 5, 6 and 7 of this contract dispute may be referred for settlement to:

a) ad hoc arbitral tribunal to be established under the Arbitration Rules of the Commission of the United Nations on International Trade Law (UNCITRAL); or

b) International Centre for Settlement of Investment Disputes (ICSID), established by the Convention on the Settlement of Investment Disputes between States and Nationals of other States, signed in Washington on March 18, 1965, in case both Contracting Parties are parties under this Convention.

4. The arbitral tribunal shall take its decision based on national law of the Contracting Party in whose territory the investment is made, based on the provisions of this Agreement and the generally accepted principles and norms of international law.

5. The decision of the arbitral tribunal shall be final and binding on both parties to the dispute and enforced in accordance with the domestic law of the Contracting Party concerned.

Article 10. Consultations

Any Contracting Party may request the other Contracting Party to launch a consultation on all matters relating to the interpretation and application of this Agreement. The location and timing of such consultations shall be agreed through diplomatic channels.

Article 11. Application

This contract applies to all investments made in the territory of each contracting party in accordance with its legislation by investors of the other Contracting Party. This agreement does not apply to an investment dispute before its entry into force.

Article 12. Entry Into Force, Duration and Termination

1. This Agreement shall enter into force on the thirtieth day after the date of receipt of the second of the notes by which the Contracting Parties notify each other that they have fulfilled their constitutional requirements for the entry into force of this Treaty.

2. It shall remain in force for a period of five years. Then its validity will be extended automatically for any further period of two years until which either Contracting Party notifies in writing the other Contracting Party of its decision to terminate the contract. Such written notice shall be made through diplomatic channels, at least twelve months before the expiry of the extended period.

3. In respect of investments made prior to the date on which the notice of termination of this Agreement enters into force, the provisions of Art. 1 to 11 shall remain in force for a further period of five years from the date of notification referred to in para. 2 of this article.

IN WITNESS WHEREOF the undersigned, being duly authorized thereto by their respective Governments, have signed this contract.

Done in duplicate in Sofia on April 12, 2002 of Bulgarian, Arabic and English languages, all texts being equally authentic. In case of divergence of interpretation of this Agreement shall prevail English text.