AGREEMENT

BETWEEN

THE GOVERNMENT OF ROMANIA

AND

THE GOVERNMENT OF

THE ISLAMIC REPUBLIC OF IRAN

ON THE PROMOTION AND RECIPROCAL PROTECTION

OF INVESTMENTS

PREAMBLE

The Government of Romania and the Government of the Islamic Republic of Iran, hereinafter refered 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 as well as 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 meaning of the terms used therein are as follows:

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 national laws and regulations of the latter (hereinafter refered to as the host Contracting Party) including, particularly but not exclusively, the following:

a) movable and immovable property as well as rights in rem such as mortgages, liens and pledges;

b) shares or any kind of participation in companies;

c) title to money or to any performance connected to an investment having an economic value;

d) intellectual property rights such as: patents, utility models, industrial designs or models, trade marks and names, as well as know-how and goodwill;

e) rights conferred by the national law of the host Contracting Party including the right to search for, extract or exploit natural resources.

Any approved alteration of the form in which assets are invested or reinvested shall not affect their character as investment.

2. The term "investors of a Contracting Party" with regard to either Contracting Party refers to the following persons who invest in the territory of the other Contracting Party, within the framework of this Agreement:

a) natural persons of the State of either Contracting Party who are considered to be its nationals.

The term "nationals" means:

- With respect to Romania, as defined in its laws and regulations;

- With respect to the Islamic Republic of Iran, as defined in its laws and regulations.

b) legal persons of either Contracting Party which are established under the national laws of that Contracting Party and their headquarters or their real economic activities are located in the territory of that Contracting Party.

3. The term "returns" means the amounts yielded by an investment and in particular, though not exclusively, includes profits, dividends, interests, capital gains, royalties and fees.

4. The term "territory of a Contracting Party":

- In the case of Romania means the territory of Romania, including its territorial sea and the airspace above its territory and its territorial sea over which Romania exercises its sovereignty, as well as the contiguous zone, continental shelf and exclusive economic zone over which Romania exercises its jurisdiction, respectively sovereign rights, in accordance with its legislation and international law;

4

- In the case of the Islamic Republic of Iran refers to the areas under the sovereignty or jurisdiction of the Islamic Republic of Iran, as the case may be, and includes its maritime areas.

Article 2. Promotion and Admission of Investments

1. Either Contracting Party shall promote and admit investments of investors of the other Contracting Party in its territory in accordance with its national laws and regulations.

2. When an investment is admitted, either Contracting Party shall, in accordance with its national laws and regulations, grant the necessary permits for the realization of such an investment including authorizations for engaging top managerial and technical personnel.

Article 3. Protection of Investments

1. Investments of investors of either Contracting Party effected within the territory of the other Contracting Party shall receive the host Contracting Partys full legal protection and fair treatment not less favourable than that accorded to its investors or to investors of any third State who are in a comparable situation. Neither Contracting Party shall impair by unreasonable or discriminatory measures the management, maintenance, use, enjoyment, extension, sale or liquidation of the investments of investors of the other Contracting Party.

2. If a Contracting Party has accorded or shall accord in future special advantages or rights to investors of any third State by virtue of an existing or future agreement establishing a free trade area, a customs union, a common market or a similar regional organization and/or by virtue of an arrangement on the avoidance of double taxation, it shall not be obliged to accord such advantages or rights to investors of the other Contracting Party.

Article 4. More Favourable Provisions

1. Notwithstanding the terms set forth in this 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.

2. If the national legislation of either Contracting Party entitles the investments of the investors of the other Contracting Party to treatment more favourable than is provided for by this Agreement, such legislation shall, to the extent that is more favourable, prevail over this Agreement.

Article 5. Expropriation and Losses

1. Investments of investors of either Contracting Party shall not be nationalized, confiscated, expropriated or subjected to similar measures by the other Contracting Party except such measures are taken for public purposes, 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 nationalization, confiscation or expropriation was taken or became known.

3. Investors of either Contracting Party whose investments suffer losses due to any armed conflict, revolution, state of emergency or other similar events 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 State as regards restitution, indemnification or any other treatment.

Article 6. Repatriation and Transfer

1. Each Contracting Party shall, in accordance with its national laws and regulations, grant investors of the other Contracting Party the free transfer and without delay of the payments related to the investments refered to in this Agreement, particularly of:

a) returns, according to Article 1, paragraph 3 of this Agreement;

b) proceeds from the sale, and/or liquidation of all or part of an investment;

c) royalties and fees related to transfer of technology agreement;

d) sums paid pursuant to Article 5 of this Agreement;

e) loan installments related to an investment provided they are paid out of such investment activities;

f) monthly salaries and wages received by employees of an investor of one Contracting Party who have obtained in the territory of the host Contracting Party, the corresponding work permits related to that investment;

g) payments arising from a decision of the authority refered to in Article 10.

2. The above transfers shall be effected in a convertible currency and at the current rate of exchange in accordance with the national exchange regulations prevailing on the date of transfer.

3. The investor and the host Contracting Party may agree otherwise on the mechanism of repatriation or transfers refered to in this Article.

Article 7. Subrogation

If a Contracting Party or its designated agency, within the framework of a legal system, subrogates an investor pursuant to a payment made under an inssurance 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 Article 10 of this Agreement.

Article 8. Observance of Commitments

Either Contracting Party shall guarantee the observance of the commitments it has entered into through this Agreement with respect to investments of investors of the other Contracting Party.

Article 9. Scope of the Agreement

This Agreement shall apply to investments approved by the competent authorities of the host Contracting Party made

whether prior to or after its entry into force.

The competent authority in the Islamic Republic of Iran is Organization for Investment, Economic and Technical Assistance of lran (O.I.E.T.A.I.) or any other authority which may succeed it.

However, this Agreement shall not apply to disputes that have arisen before its entry into force.

Article 10. Settlement of Disputes between a Contracting Party and Investors of the other Contracting Party

1. If any dispute arises between the host Contracting Party and investors of the other Contracting Party with respect to an investment, the host Contracting Party and the investors shall primarily endeavour to settle the dispute in an amicable manner through negociation and consultation.

2. In the event that such dispute cannot be settled as provided in paragraph 1 of this Article within six months from the date of the written application for settlement, the investor in question may submit at his choice the dispute for settlement to:

a) the competent court of the Contracting Party in the territory of which the investment has been made;

Or with due regard to the national laws and regulations of the host Contracting Party to:

b) an ad hoc Arbitral Tribunal, in compliance with the arbitration rules of the United Nations Commission on International Trade Law (UNCITRAL); or

c) the International Centre for Settlement of Investment Disputes (ICSID), for the implementation of the arbitration procedure under the Washington Convention, of 18 March, 1965, on the Settlement of Investment Disputes between States and Nationals of other States, if or as soon as both Contracting Parties have acceded to it.

3. A dispute primarily refered to the competent courts of the host Contracting Party, as long as it is pending, cannot be refered to arbitration save with the parties agreement; and in the event that a final judgement is rendered, it cannot be refered to arbitration.

4. National courts shall not have jurisdiction over any dispute refered 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.

5. The decision of the court or international arbitration refered to in paragraph 2, as the case may be, shall be final and binding on the parties to the dispute.

Article 11. Settlement of Disputes between the Contracting Parties

1. Any dispute which may arise between the Contracting Parties relating to the interpretation and application of this Agreement shall, as far as possible, be settled through consultations and negotiations.

2. In the event that the dispute cannot be settled within six months from the date on which one of the Contracting Parties notifies in writing the other Contracting Party, the dispute shall, at the request of one of the Contracting Parties and with due regard to its national laws and regulations, be laid before an ad hoc Arbitration Tribunal as provided in this Article.

3. The Arbitration Tribunal shall be constituted in the following manner: within two months from the date on which the request for arbitration is received, each of the two Contracting Parties shall appoint one arbitrator and the two arbitrators thus appointed shall appoint the Chairman of the tribunal within three months from the date of their appointments.

4. If, within the periods specified in paragraph 3 of this Article, the appointments have not been made, each of the two Contracting Parties can, in the absence of any other arrangement, ask the President of the International Court of Justice to make the appointment. In the event that the President of the International Court is a citizen or national of the State of one of the Contracting Parties or, if for any reason, it is impossible for him to make the appointment, the application shall be made to the Vice President of the Court. If the Vice President of the Court is a citizen or national of the State of one of the Contracting Parties, or is unable to make the appointment for any reason, the most senior member of the International Court of Justice, who is not a citizen or national of the State of one of the Contracting Parties, shall be invited to make the appointment.

5. Both Contracting Parties shall pay the costs of their own arbitration and of their representative at the hearings. The costs of the Chairman and any other costs shall be divided equally between the Contracting Parties.

6. The Arbitration Tribunal shall lay down its own procedures and determine the place of arbitration.

7. The Arbitration Tribunal shall rule with a majority vote and its decisions shall be final and binding on the Contracting Parties.

Article 12. Validity of the Agreement

1. This Agreement shall be ratified by the competent authorities of each Contracting Party.

2. This Agreement shall enter into force for a period of ten years after thirty days from the date of receipt of the last of the two notifications by which the two Contracting Parties shall communicate officially to each other that their respective ratification procedures have been completed. This Agreement shall remain in force thereafter unless one of the Contracting Parties notifies the other Contracting Party in writing of its intention to terminate it. The termination shall come into effect after six months from the date of reception of the notification.

3. After the expiration of the validity or termination of this Agreement its provisions shall apply to investments under this Agreement for a further period of ten years.

IN WITNESS WHEREOF the Undersigned, duly authorized thereto by their respective Governments, have signed this Agreement.

Done at Tehran, on 26 January 2003, corresponding to 6 Bahman 1381 (Iranian calendar), in two originals, each in Romanian, Farsi and English languages, all texts being equally authentic. In case of any divergence of interpretation, the English text shall prevail.

FOR THE GOVERNMENT OF ROMANIA

FOR THE GOVERNMENT OF THE ISLAMIC REPUBLIC OF IRAN

Minister of Economy and Finance Tahmasb Mazaheri