

1-44952

[E nglis h text - T exte anglais]

AGREEMENT BETWEEN

THE GOVERNMENT OF THE REPUBLIC OF CYPRUS AND THE GOVERNMENT OF THE SYRIAN ARAB REPUBLIC ON THE PROMOTION AND RECIPROCAL PROTECTION OF INVESTMENTS

The Government of the Republic of Cyprus and the Government of the Syrian Arab Republic hereafter referred to as Contracting Parties'.

Bearing in mind the friendly and cooperative relations existing between the two countries and their people;

Intending to create favourable conditions for investments by investors of one Contracting Party in the territory of the other Contracting Party on the basis of sovereign equality and mutual benefit;

And

Recognizing that the Agreement on the promotion and reciprocal protection of such investments will be conducive to the stimulation of investment activities in both countries;

Have agreed as follows:

Article 1. Definition

For the purpose of this Agreement:

I-44952

1-The term investments shall mean any kind of asset invested by investors of one Contracting Party in the territory' of the other Contracting Party, in conformity with the laws and regulations of the latter, including, but not exclusively:

A-movable and immovable property as well as other rights such as mortgages, privileges, and guarantees and any other similar rights; b-rights derived from shares, bonds or any other form of interest in companies or joint ventures in the territory of the other Contracting Party;

C-patents, industrial designs, trade marks, trade names, know how, and other intellectual property rights; d-rights to undertake economic and commercial activities conferred by law or by virtue of a contract, including concessions to search for, cultivate, extract or exploit natural resources.

^ Investments made in the territory of one Contracting Party by any legal entity of that same Contracting Party which is actually owned or controlled by investors of the other Contracting Party shall likewise be considered as investments of investors of the latter Contracting Party if they have been made in accordance with the laws and regulations of the former Contracting Party.

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

2-The term investors means with regard to either Contracting Party:

A-natural persons who have nationality of one of the two states in accordance with its laws and regulations;

I-44952

B-legal persons constituted or incorporated in compliance with the law of that Contracting Party and having their seat in the territory of the same Contracting Party.

3-The term without delay: shall be deemed to be fulfilled if a transfer is made within such period as is normally required by international financing practices.

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

5-The term territory means:

- For the Republic of Cyprus: The term "territory designate the land territory and territorial waters,, as well as the exclusive economic zone and the continental shelf that extend outside the limits of the territorial waters of thte Republic of Cyprus over which it has jurisdiction and sovereign rights, pursuant to international law.

-f or the Syr ian Ar ab Rep ubl ic: Th e t e r m "Syria" mean s, in accordance with international law, the territories of the Syrian Arab Republic including its internal waters, territorial sea,the subsoil thereof and the airspace above them to which Syria has sovereign rights and other maritime areas to which Syria has the rights to exercise sovereign rights for the purposes of exploration, exploitation and conservation of natural resources.

1-44952

Article 2. Scope of Application

Agreement shall apply to all investments made by investors of either Contracting Party, whether existing at or made after the date of. ts entry into force. It shall not, however, apply to disputes which have al isen before the entry into force of the present Agreement.

Article 3. Encouragement and Protection of Investments

Either Contracting Party shall encourage and create favourable conditions for investors of the other Contracting Party to invest in its territory, and shall admit such investment in accordance with its laws and regulations.

2-When a Contracting Party shall have admitted an investment in its territory, it shall, in accordance with its laws and regulations, grant the necessary permits in connection with such an investment and with the carrying out of licensing agreements and contracts for technical, commercial or administrative assistance. Each Contracting Party shall, whenever needed, endeavour to issue the necessary authorizations concerning the activities of consultants and other qualified persons.

3-Investments of investors of either 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.

1-44952

4-Neither Contracting Party shall in any way impair by unreasonable or discriminatory measures the management, maintenance, use, enjoyment, expansion or disposal of such investments. Each Contracting Party shall observe any obligation in writing it may have entered into with regard to investments of investors of the other Contracting Party.

Article 4. National Treatment and Most Favoured Nation Provisions

1 -Admitted Investments of investors of one Contracting Party effected within the territory of the other Contracting Party in accordance with the laws and regulations of the latter, shall receive in the other Contracting Party legal protection and fair treatment not less favourable than that accorded to investments of its own investors or to investors of any third state which are in a comparable situation, Whichever is more favourable.

2 -Each Contracting Party shall in its territory accord to investors of the other Contracting Party, as regards to their management, maintenance, use, enjoyment, expansion or disposal of their investment, treatment no less favourable than that accorded to its own investors or to investors of any third State whichever is more favourable to the investor concerned.

3 -The treatment under paragraphs 1 and 2 of this Article shall not be construed so as to oblige one Contracting Party to extent to the investors of the other Contracting Party and their investments the benefit of any treatment, preference of privilege resulting from:

I-44952

A-membership to any existing or future customs union, economic union, monetary union or any other regional economic integration organisation, and

B-any international agreement or arrangement relating wholly or mainly to taxation or any domestic legislation relating wholly or mainly to taxation.

4 -The treatment referred to in paragraphs 1 and 2 of this Article will be granted on the basis of reciprocity.

5 -Nothing in this Agreement shall prevent either Contracting Party from applying new measures adopted within the framework of one of the forms of regional cooperation referred to in paragraph 3(a) of this Article which replace the measures previously applied by that Contracting Party.

Article 5. Expropriation

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 to nationalization or expropriation (hereinafter referred to as "expropriation") except for public interest, in accordance with due process of law, on a non discriminatory basis and against the payment of prompt, adequate and effective compensation.

I-44952

2. Such compensation shall amount to the fair market value of the investment expropriated immediately before the expropriation or impending expropriation became publicly known, whichever is the earlier (hereinafter referred to as the "valuation date").

3. Such market value shall be calculated in a freely convertible currency at the market rate of exchange prevailing for that currency on the valuation date. Compensation shall include interest calculated on the basis of the 6-month LIBOR rate applicable on the date of expropriation, from the actual date of expropriation until the date of payment. Compensation shall be paid without delay, be effectively realizable and freely transferable.

4. The investor affected shall have the right, under the law of the Contracting Party making the expropriation, to prompt review, by a judicial authority or other competent and independent authority of that Contracting Party, of its case, including the valuation of its investment and the payment of compensation, in accordance with the principles set out in this Article.

5. Where a Contracting Party expropriates the assets of a company which is incorporated or constituted under the law in force in any part of its own territory, and in which investors of the other Contracting Party own shares, it shall ensure that the provisions of this Article are applied so as to guarantee prompt, adequate and effective compensation in respect of their investment to such investors of the other Contracting Party who are owners of those shares.

I-44952

Article 6. Compensation for Losses

1. Investors of one Contracting Party, whose investment in the territory of the other Contracting Party suffer losses owing to war or other

armed conflict, revolution, a state of national emergency, revolt insurrection or riot in the territory of the latter Contracting Party, shall be accorded by the latter Contracting Party treatment, as regards restitution, indemnification, compensation or other settlement.

2. The treatment shall not be less favourable than that which the latter Contracting Party accords to its own investors or investors of any third state, whichever is more favourable to the investors concerned.

3. Notwithstanding paragraph 1, an investor of any Contracting Party who, in any of the situations referred to in that paragraph, suffers a loss in the territory of the other Contracting Party resulting from

a. requisitioning of its investment or part thereof by the latter's forces or authorities; or

b. destruction of its investment or part thereof by the latter's forces or authorities, which was not required by the necessity of the situation, shall be accorded by the latter Contracting Party restitution or compensation which in either case shall be prompt, adequate and effective. Resulting payments shall be made without undue delay and be freely transferable.

Article 7. Transfers

1. Each Contracting Party shall guarantee to investors of the other Contracting Party the free transfer of all payments relating to their investment. Such transfers shall include, in particular, though not exclusively:

- a. the initial capital and additional amounts for the maintenance or increase of an investment;
- b. investment returns, as defined in Article 1;
- c. funds in repayment of loans related to an investment;
- d. compensations provided for under Articles 5 and 6;
- e. proceeds from the total or partial sale or liquidation of an investment;
- f. earnings and other remuneration of personnel engaged from abroad in connection with an investment;
- g. payment arising out of the settlement of a dispute.

2. Transfers under the present Agreement shall be made without undue delay in a freely convertible currency at the market rate of exchange prevailing on the date of transfer.

Article 8. More Favourable Terms

1. If the legislation of either Contracting Party or obligations under international law existing at present or established hereafter between the Contracting Parties in addition to this Agreement contain a regulation, whether general or specific, entitling investments by

I-44952

Investors of the other Contracting Party to a treatment more favourable than that provided for by this Agreement, such regulation shall, to the extent that it is more favourable, prevail over this Agreement.

2. More favourable terms than those of this Agreement which have been agreed to by one of the Contracting Parties with investors of the other Contracting Party shall not be affected by this Agreement.

If one Contracting Party or its designated Agency makes a payment under an indemnity, guarantee or contract of insurance against non-

Investors in the territory of the other Contracting Party, the latter Contracting Party shall recognize the assignment of any right or claim of such investor to the former Contracting Party or its designated Agency and the right of the former Contracting Party or its designated Agency to exercise, by virtue of subrogation, any such right and claim to the same extent as its predecessor in title. This subrogation will make it possible for the former Contracting Party or its designated Agency to be the direct beneficiary of any payment for indemnification or other compensation to which the investor could be entitled.

Article 9. Subrogation

In respect of an investment made by any of its

I-44952

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

1 - Dispute that may arise between one of the Contracting Parties and an

Investor of the other Contracting Party with regard to an investment in the sense of the present Agreement, shall be notified in writing, including a detailed information, by the investor to the former Contracting Party. As far as possible, the parties concerned shall endeavour to settle these disputes amicably.

2 - If this dispute cannot be settled amicably within six months from the date

Of the written notification mentioned in paragraph 1, the dispute may be submitted, at the choice of the investor, to:

- The competent court of the Contracting Party in whose territory the investment was made; or
- The Arbitration Institute of the Arbitral Tribunal of the Chamber of Commerce in Stockholm; or
- The Arbitral Tribunal of the International Chamber of Commerce in Paris; or
- The International Centre for the Settlement of Investment Disputes (ICSID) established by the Convention of 18 March 1965 on the Settlement of Investment Disputes between States and Nationals of Other States.

3-In the case that the investor decides to submit the dispute to international arbitration, each Contracting Party hereby consents to the submission of such dispute to international arbitration.

I-44952

4-The arbitral tribunal shall settle the dispute in accordance with the provisions of this Agreement, applied laws at the hosting country and the applicable rules and principles of international law. The awards of arbitration shall be final and binding on both parties to the dispute. Each Contracting Party shall carry out without delay any such award and such award shall be enforced in accordance with domestic law.

5. During arbitration proceedings or the enforcement of the award, a Contracting Party involved in the dispute shall not raise the objection that the investor of the other Contracting Party has received under an insurance contract in respect of all or part of the damage.

Article 11. Settlement of Disputes between the Two Contracting Parties Concerning the Interpretation and Application of this

Agreement

1. Any dispute between the Contracting Parties concerning the interpretation or application of this Agreement shall, as far as possible, be settled by consultation through diplomatic channels.

2. If a dispute cannot thus be settled within six months, it shall, upon the request of either Contracting Party, be submitted to an ad hoc arbitral tribunal.

3. Such tribunal comprises of three arbitrators. Within two months from the date on which either Contracting Party receives the

I-44952

Written notice requesting for arbitration from the other Contracting Party, each Contracting Party shall appoint one arbitrator. Those two arbitrators shall, within further two months, together select a third arbitrator who is a national of a third state which has diplomatic relations with both Contracting Parties. The third arbitrator shall be appointed by the two Contracting Parties as chairman of the arbitral tribunal.

4. If the arbitral tribunal has not been constituted within four months from the date of the receipt of the written notice for arbitration, either Contracting Party may, in the absence of any other agreement, invite the President of the International Court of Justice to appoint the arbitrator (s) who has or have not yet been appointed. If the President is a national of either Contracting Party or is otherwise prevented from discharging the said function, the next most senior member of the International Court of Justice who is not a national of either Contracting Party shall be invited to make the necessary appointment (s).

5. The arbitral tribunal shall determine its own procedure, unless the contracting parties mutually agree otherwise. The tribunal shall reach its award in accordance with the provisions of this Agreement and the principles of international law recognized by both Contracting Parties.

6. The tribunal shall reach its award by a majority of votes. Such award shall be final and binding on both Contracting Parties. The ad hoc arbitral tribunal shall, upon the request of either Contracting Party, explain the reasons of its award.

I-44952

7. Each Contracting Party shall bear the cost of its appointed arbitrator and of its representation in arbitral proceedings. The relevant costs of the chairman and the tribunal shall be borne in equal parts by the Contracting Parties.

Article 12. Essential Security Interest

Nothing in this Agreement shall be construed to prevent either Contracting Party from taking measures to fulfill its obligations with respect to the maintenance of international peace or security.

Article 13. Other Provisions

1. Either Contracting Party shall in accordance with its laws, regulations and administrative practices followed, examine in good faith applications for the entrance and stay of the investors, employees and workers of the other Party who are involved in activities connected with the investments.

2. The Contracting Parties shall not exclude or hinder the transport agencies of the other Contracting Party and in accordance to their laws and regulations, whenever necessary shall issue permits for the transportation of goods and persons in connection with the investment made.

I-44952

Article 14. Entry Into Force, Duration and Termination

1-The present Agreement shall enter into force three months after the date of the latest notification by any Contracting Party of the accomplishment of its internal procedures of ratification. It shall remain in force for a period of ten years and shall continue in force thereafter for another period of ten years and so forth.

2-This Agreement shall not prejudice the right of the Contracting Parties to amend in whole or in part or to terminate this Agreement at any time during its period of validity.

3-In such an eventuality, if the Contracting Parties do not reach an agreement on any modification to or termination of this Agreement within six months after a written request by the Contracting Party seeking such modification to the other Contracting Party, the Party that had made the said request shall be entitled to denounce the whole Agreement within thirty (30) days from the lapse of the set six (6) months period. Such denunciation shall be made through diplomatic channels and shall be considered as a notice of termination of this Agreement. In such a case the Agreement shall terminate six (6) months after the date of receipt of the said notice by the other Contracting Party, unless such notice is withdrawn by mutual agreement before the expiry of this period of notice.

1-44952

4 - In respect of investments made prior to the date of amendment or termination of this Agreement become effective, the provisions of Article 1 to 14 shall remain in force for a further period of ten years from the date of amendment or termination of the present Agreement.

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

Done in Damascus on 10 th June 2007 duplicate in Greek, Arabic and English, all texts being equally authentic. In case of divergence of interpretation, the English text shall prevail.

FOR THE GOVERNMENT OF THE SYRIAN ARAB REPUBLIC

Dr Amer Husni Lutfi

MINISTER OF ECONOMY AND TRADE