

AGREEMENT BETWEEN THE GOVERNMENT OF THE REPUBLIC OF INDONESIA AND THE GOVERNMENT OF THE SYRIAN ARAB REPUBLIC CONCERNING THE PROMOTION AND PROTECTION OF INVESTMENTS

The Government of the Republic of Indonesia and the Government of the Syrian Arab Republic (hereinafter referred to as "Contracting Parties");

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

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 Protection of such Investments will be conducive to the stimulation of investment activities in both countries;

Have agreed as follows:

Article I. Definitions

For the purpose of this Agreement:

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 venture in the territory of the other Contracting Party;
c. Technical processes, goodwill, know-how, and other intellectual property rights;
d. Business concessions conferred by law or under contract related to investment including concessions to search for or exploit natural resources.
2. The term "investor" means national of one Contracting Party who invests in the territory of the other Contracting Party. The term "national" shall comprise with regard to either Contracting Party: (i) Natural person having the nationality of that Contracting Party;
(ii) Legal person constituted under the law of that 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 financial practices.
4. The term "territory" shall mean: a. In respect of the Republic of Indonesia:
The territory of the Republic of Indonesia as defined in its laws;
b. In respect of the Syrian Arab Republic:
In its geographical sense, the territory of the Syrian Arab Republic, including its territorial sea, its air space, the continental shelf, the subsoil and all other areas outside the Syrian territorial sea within which, in accordance with international law, Syria exercises sovereign rights for the purpose of extracting and exploring the natural, vital and mining resources and all other rights on the seabed and its subsoil and the superjacent waters.
5. The term "returns" means the amount yielded by an investment in particular though not exclusively includes profits, interest, dividend, capital gains, royalties and fees.

Article II. Promotion and Protection of Investments

1. 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 capital in accordance with its laws and regulations.
2. Investments of investors of either Contracting Party shall at all times be accorded fair and equitable treatment and shall enjoy adequate protection and security in the territory of the other Contracting Party.

Article III. Most-favoured-nation Provisions

1. Each Contracting Party shall ensure fair and equitable treatment of the investments of investors of the other Contracting Party and shall not impair, by unreasonable or discriminatory measures, the operation, management, maintenance, use, enjoyment or disposal thereof by those investors. Each Contracting Party shall accord to such investment adequate physical security and protection.
2. More particularly, each Contracting Party shall accord to such investments treatment which in any case shall not be less favourable than that accorded to investments of investors of any third state.
3. If a Contracting Party has accorded special advantages to investors of any third state by virtue of agreements establishing customs unions, economic unions, monetary unions or similar institutions, or on the basis of interim agreements leading to such unions of institutions, that Contracting Party shall not be obliged to accord such advantages to investors of the other Contracting Party.

Article IV. Expropriation

Each Contracting Party shall not take any measures of expropriation, nationalization or any other dispossession, having effect equivalent to nationalization or expropriation against the investments of an investor of the other Contracting Party except under the following conditions:

- (a) The measures are taken for a lawful purpose or public purpose and under process of law;
- (b) The measures are non discriminatory;
- (c) The measures are accompanied by provisions for the payment of prompt, adequate and effective compensation. Such compensation shall amount to the fair market value without delay before the measure of dispossession became public knowledge. Such market value shall be determined in accordance with internationally acknowledged practices and methods or, where such fair market value cannot be determined, it shall be such reasonable amount as may be mutually agreed between the Contracting Parties hereto, and it shall be freely transferable in freely usable currencies from the Contracting Party.

Article V. Compensation for Losses

1. Investors of one Contracting Party, whose investments 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 restitutions, 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.

Article VI. Transfer

1. Either Contracting Party shall guarantee within the scope of its laws and regulations in respect to investments by investors of the other Contracting Party grant to those investors without delay, the transfer of:
 - a. Profits, interests, dividends and other current income;
 - b. Funds necessary (i) For the acquisition of raw or auxiliary materials, semi fabricated or finished products, or (ii) To replace capital assets in order to safeguard the continuity of an investment;
 - c. Additional funds necessary for the development of an investment;

- d. Funds in repayment of loans;
- e. Royalties or fees;
- f. Earnings of natural persons;
- g. The proceeds of sale or liquidation of the investment;
- h. Compensation for losses;
- i. Compensation for expropriation.

2. Such transfer shall be made at the prevailing rate of exchange on the date of transfer with respect to current transaction in the currency to be transferred.

Article VII. Subrogation

If the investments of an investor of the one Contracting Party are insured against non-commercial risks under a system established by law with the consent of other Contracting Party, any subrogation of the insurer or re-insurer to the rights of the said investor pursuant to the terms of such insurance shall be recognized by the other Contracting Party, provided, however, that the insurer or the re-insurer shall not be entitled to exercise any rights other than the rights which the investor would have been entitled to exercise.

Article VIII. Settlement of Disputes between Investor and the Contracting Party

1. Any dispute between a Contracting Party and an investor of the other Contracting Party concerning an investment of the latter in the territory of the former shall be settled amicably through consultations and negotiations.

2. If such a dispute cannot be settled within a period of six months from the date of a written notification either party requested amicable settlement, the dispute shall, at the request of the investor concerned, be submitted either to the judicial procedures provided by the Contracting Party concerned or to international arbitration or conciliation.

3. In case that the dispute is submitted to arbitration or conciliation, the investor shall be entitled to refer to the dispute to:

a. The ad hoc tribunal established under the arbitration rules of the United Nations Commission for International Trade Law (UNCITRAL); or

b. The International Center for Settlement of Investment Dispute (ICSID) under the Convention on the Settlement of Investment Dispute between States and Nationals of other States opened for signature at Washington, D.C., on 18 March 1965, in case both Contracting Parties have become the Parties to the Convention.

Article IX. Settlement of Disputes between the Contracting Parties Concerning Interpretation and Application of the Agreement

Disputes between the Contracting Parties concerning the interpretation or application of this Agreement should, if possible, be settled through diplomatic channels.

Article X. Applicability of this Agreement

This Agreement shall apply to investments made after the entering into force of this Agreement by investors of the Syrian Arab Republic in the territory of the Republic of Indonesia which are admitted in accordance with the Law No. 1 of 1967 concerning Foreign Investment and any law amending or replacing it, and to investments by investors of the Republic of Indonesia in the territory of the Syrian Arab Republic which are admitted in accordance with Law No. 10 of 1991 and other laws of encouragement of investment in Syria and any laws amending or replacing them.

Article XI. Consultation and Amendment

1. Either Contracting Party may request that consultations be held on any matter concerning this Agreement. The other Party shall accord sympathetic consideration to the proposal and shall afford adequate opportunity for such consultations.

2. This Agreement may be amended at any time, if deemed necessary, by mutual consent.

Article XII. 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 unless denounced in writing by either Contracting Party one year before its expiration.

2. In respect of investments made prior to the date of termination of this Agreement becomes effective, the provisions of Article I to XI shall remain in force for a further period of ten years from the date of termination of the present Agreement.

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

Done in duplicate at Jakarta on 27 June 1997 in Indonesian, Arabic and English languages, all texts being equally authentic. In case of any divergence concerning the interpretation, the English text shall prevail.

FOR THE GOVERNMENT OF THE REPUBLIC OF INDONESIA

ALI ALATAS

Minister for Foreign Affairs

FOR THE GOVERNMENT OF THE SYRIAN ARAB REPUBLIC

DR. MOHAMMAD IMADY

Minister of Economy and Foreign Trade

PROTOCOL

On signing the Agreement concerning the Promotion and Protection of Investments between the Government of the Republic of Indonesia and the Government of the Syrian Arab Republic, the duly authorized representatives of both Contracting Parties, have agreed upon the following provisions which constitute the integral part of this Agreement.

With reference to Article VI concerning "transfer":

1. In respect of the Republic of Indonesia:

Such transfer shall be made at the prevailing rate of exchange on the date of transfer with respect to current transaction in the currency to be transferred.

2. In respect of the Syrian Arab Republic:

a. Transfers referred to in Article IV and Article V of this Agreement shall be made in a freely convertible currency at the exchange rate prevailing on the date of transfer.

b. Other transfers shall be effected by the investor from its own foreign exchange balances kept in its account at the Commercial Bank of Syria.

The Central Bank of Syria will guarantee full freedom for such transfer.

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