Agreement Between the Government of the Republic of Iceland and the Government of the Socialist Republic of Vietnam for the Promotion and Protection of Investments

The Government of the Republic of Iceland and the Government of the Socialist Republic of Vietnam (hereinafter referred to as the Contracting Parties),

Desiring to intensify economic cooperation for the mutual benefits of both States,

Intending to create and maintain favourable conditions for investments by investors of one Contracting Party in the territory of the other Contracting Party,

Recognizing that the promotion and reciprocal protection of such investments stimulates economic prosperity in both States,

Have agreed as follows:

Article 1. Definitions

For the purpose of this Agreement:

1. Investor with regard to either Contracting Party means:

(a) any natural person who, in accordance with the national law of the Contracting Party, is considered to be its citizen;

(b) any legal entity, such as a corporation, firm, association or organization, which is constituted or established or otherwise duly organized under the national law of

The Contracting Party and which is performing actual economic activities in the country of that Contracting Party.

2. Investment means every kind of asset and in particular, though not exclusively, includes the following:

(a) movable and immovable property, and any other property rights such as mortgages, liens, leases or pledges;

(b) stocks, loan, debentures and any other similar form of participation in a company;

(c) rights to money or to any performance having a financial value;

(d) intellectual property rights, including copyright, patents, industrial designs or models, trade or service marks, trade names, technical know-how, goodwill, marks of orgin and any other similar rights;

(e) industrial concessions conferred by law or under contract or through the decision of the relevant authority based upon law, including concessions to search for, extract or exploit natural resources;

Any changes in the form of invested assets or reinvestment shall not affect their character as investment.

3. Returns means the monetary revenue yielded by an investment such as profit, dividends, interest, capital gains, royalties and fees.

4. Territory means the land territory, internal waters and the territorial sea of a Contracting Party, and the maritime areas beyond the territorial sea with respect to which a Contracting Party exercises sovereign rights or jurisdiction in accordance with international law.

Article 2. Promotion and Admission

1. Each Contracting Party shall as far as possible encourage the investors of the other Contracting Party to make investments in its territory and admit such investments in accordance with its laws and regulations.

2. When a Contracting Party shall have admitted an investment on its territory, it shall provide necessary licence for the investment and for performing the terms of the technical, commercial and administrative cooperation contracts.

The Contracting Party shall make its best endeavors to render a certain authorization to the foreigners who will work as advisors or specialists for their activities if it is necessary.

Article 3. National Treatment and Most-favoured-nation Provisions

1. Neither Contracting Party shall in its territory subject investments or returns of nationals or companies of the other Contracting Party to treatment less favourable than that which it accords to its own nationals or companies or to nationals or companies of any third State.

2. Neither Contracting Party shall in its territory subject nationals or companies of the other Contracting Party, as regards their management, maintenance, use, enjoyment or disposal of their investments, to treatment less favourable than that which it accords to its own nationals or companies or to nationals or companies of any third State.

3. Notwithstanding paragraphs (1) and (2) of this Article, the Government of the Socialist Republic of Vietnam may maintain in force those measures, provided for in Vietnamese law at the date of signature of this Agreement and set out in the Annex to this Agreement, as exceptions to the grant of treatment not less favourable than that accorded to its own companies or nationals. The Government of the Socialist Republic of Vietnam may remove any such exception listed in the Annex to this Agreement by notifying the Government of the Republic of Iceland in writing. Accordingly, any such written notification by the Government of the Socialist Republic of Vietnam shall have the immediate effect of amending the Annex to this Agreement.

4. The provisions of paragraphs 1 and 2 of this Article shall not be construed so as to oblige one Contracting Party to extend to the investors of the other Contracting Party and their investments special rights accorded to nationals or investments of nationals of any third State by virtue of an agreement establishing a free-trade area, a customs union, a common market, a common labour market or a regional economic integration.

5. The provisions of paragraphs 1 and 2 of this Article shall not be applicable to tax mea

Sures. Nothing in this Agreement shall affect the rights and obligations of either Contracting Party derived from any tax convention. In the event of any inconsistency between the provisions of this Agreement and any tax convention, the provisions of the latter shall prevail.

Article 4. Repatriation of Capital and Returns

1. Each Contracting Party shall permit all funds of an investor of the other Contracting Party related to an investment in its territory to be freely transferred. This shall especially apply to the following funds:

(a) capital and additional capital amounts used to maintain and increase the investment;

(b) profits, interests, dividends and other net operating profits;

(c) repayment of any loan received for the investment;

(d) royalties and other payments deriving from intellectual property rights as indicated in Article 1, paragraph 2 (d);

(e) proceeds from the whole or partial sale or alienation or liquidation of the investment;

(f) salaries or legitimate earnings of the persons with foreign citizenship engaged in connection with the investment;

(g) compensation due to be paid under Article 5 of this Agreement;

(h) payment of arbitral awards under Article 7 of this Agreement.

Any transfer under this Agreement shall be made in freely convertible currency.

2. The remittance should be realised without delay at the official rate of foreign exchange on the date of such remittance.

3. The Contracting Party shall render the investors of the other Contracting Party favourable treatment for the remittance which is not less favorable than that assigned to the investors of any third State.

Article 5. Expropriation

1. Neither of the Contracting Parties shall take, either directly or indirectly, measures of expropriation, nationalization or any other measures having the same nature or the same

Effect against investments of investors of the other Contracting Party, unless the measure is taken in the public interest, on a non-dis-criminatory basis, and under due procedures of law, and provided that provisions be made for effective and adequate compensation. Such compensation shall amount to the market value of the investment immediately before the expropriation or impending expropriation became publicly known, and include interest calculated on the LIBOR (London Interbank Offer Rate) basis from the date of expropriation until the date of payment.

Such compensation shall be paid in a freely convertible currency without delay to the person entitled thereto.

2. The investors of one Contracting Party, whose investments have suffered losses due to a war or any other armed conflict, rebellion, state of emergency or riot, which took place in the territory of the other Contracting Party, shall benefit, on the part of the latter, from a treatment, in accordance with Article 3, paragraph 2, of this Agreement as regards restitution, indemnification, compensation or other settlement.

Article 6. Subrogation

1. If a Contracting Party or its designated agency makes a payment to its own investor under an indemnity, guarantee or contract of insurance given in respect of an investment of an investor of that Contracting Party in the territory of the other Contracting Party, the latter Contracting Party shall recognize:

(a) the assignment, whether under the law or pursuant to a legal transaction in the country of the latter Contracting Party, of any right or claim by the investor to the former Contracting Party or its designated agency, as well as,

(b) that the former Contracting Party or its designated agency is entitled by virtue of subrogation to exercise the rights and enforce the claims of that investor and shall assume the obligations related to the investment.

2. The subrogated rights or claims shall not exceed the original rights or claims of the investor.

Article 7. Settlement of Investment Disputes between a Contracting Party and an Investor of the other Contracting Party

1. Any dispute which may arise between an investor of one Contracting Party and the other Contracting Party in connection with an investment in the territory of that other Contracting Party shall be subject to negotiations between the parties to the dispute. In the event of a dispute, the Contracting Party in whose territory the investment was made shall be notified in writing, including detailed information, by the investor.

2. If such dispute between an investor of one Contracting Party and the other Contracting Party cannot be thus settled within a period of six months from the date of the written notification, the investor shall be entitled to submit the case, at his choice, for settlement to:

(a) the competent court or administrative tribunal of the Contracting Party which is the party to the dispute;

Or

(b) the International Centre for Settlement of Investment Disputes (ICSID) having regard to the applicable provisions of the Convention on the Settlement of Investment Disputes between States and Nationals of other States opened for signature at Washington D.C. on 18 March 1965, in the event that both Contracting Parties shall have become a party to this Convention;

Or

(c) the Additional Facility Rules of ICSID, if either the disputing Contracting Party or the Contracting Party of the investor, but not both, is a party to the Convention;

Or

(d) an arbitrator or international ad hoc arbitral tribunal established under the Arbitration Rules of the United Nations Commission on International Trade Law (UNCITRAL). The parties to the dispute may agree in writing to modify these Rules.

The arbitral awards shall be final and binding on both parties to the dispute and shall be enforceable in accordance with the

domestic legislation of the disputing Contracting Party.

Article 8. Settlement of Disputes between the Contracting Parties

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

2. If a dispute between the Contracting Parties can not thus be settled within six months from the time the dispute arose, it shall, upon the request of either Contracting Party, be submitted to an arbitral tribunal consisting of three members.

3. Such an arbitral tribunal shall be constituted for each individual case in the following way:

(a) Within three months of receipt of the request for arbitration, each Contracting Party shall appoint one arbitrator respectively. Those two members shall then select a national of a third State which has diplomatic relations with both Contracting Parties, who on approval by the Contracting Parties shall be appointed Chairman of the tribunal. The Chairman shall be appointed within three months from the date of appointment of the other two arbitrators.

(b) If within the period specified in subparagraph (a) the necessary appointments have not been made, either Contracting Party may, in the absence of any other agreement, invite the President of the International Court of Justice to make the necessary appointments.

If the President is a national of either Contracting Party, or if he is otherwise prevented from discharging the above function, the Vice-President shall be invited to make the necessary appointments. If the VicePresident is a national of either Contracting Party or if he too is prevented from discharging the above function for any other reason, the Member of the International Court of Justice next in seniority who is not a national of either Contracting Party shall be invited to make the necessary appointments.

4. The arbitral tribunal shall adopt its decision based upon the provisions of this Agreement and other agreements concluded between the Contracting Parties as well as generally accepted principles, procedures and rules of international law.

The arbitral tribunal shall reach its decision by a majority of votes.

The arbitral tribunal shall determine its own procedure.

The decisions of the tribunal are final and binding upon both of the Contracting Parties.

Article 9. More Favourable Provisions and other Obligations

1. If the laws and regulations of either Contracting Party, international agreements which are binding on both Contracting Parties or agreements concluded between one Contracting Party and an investor of the other Contracting Party in addition to this Agreement contain provisions, whether general or specific, rendering a treatment more favourable than that provided for by the present Agreement, such provisions shall to the extent that they are more favourable prevail over this Agreement.

2. Each Contracting Party shall observe its other obligations concerning the investment of the investors of the other Contracting Party in its own territory.

Article 10. Consultation

Each Contracting Party may propose to the other Contracting Party to enter into consultations concerning all questions related to the implementation or interpretation of the present Agreement.

The other Contracting Party shall make the necessary arrangements for holding these consultations without any delay.

Article 11. Application of the Agreement

The provisions of this Agreement shall apply to all investments made in the territory of one Contracting Party prior to or after the entry into force of this Agreement by investors of the other Contracting Party. They shall, however, not be applicable to divergences or disputes which have arisen prior to its entry into force.

Article 12. Entry Into Force, Duration and Termination

1. this agreement shall enter into force thirty days after the date on which both contracting parties shall have notified each other that their constitutional requirements for the entry into force of this Agreement have been fulfilled.

2. This Agreement shall remain in force for a period of ten years. Thereafter, it shall remain in force for further successive periods of ten years unless either Contracting Party notifies the other Contracting Party in writing at least twelve months prior to the expiry date of this Agreement of its decision to terminate the Agreement.

3. In case of notification of termination of the present Agreement, the provisions of Articles 1 to 11 shall continue to be effective for a further period of ten years for the investments made prior to such notification.

IN WITNESS WHEREOF, the undersigned, duly authorized thereto, have signed this Agreement.

DONE in duplicate at Reykjavik on 20 September 2002 in the Icelandic, Vietnamese and English languages, all texts being equally authentic. In case of any divergence of interpretation, the English text shall prevail.

For the Government of the Republic of Iceland ValgerOur Sverrisdottir

For the Government of the Socialist Republic of Vietnam Vu Huy Hoang

Annex

ANNEX To the Agreement referred to in Article 3(3)

Exceptions to the grant of national treatment to investments and returns of investments of nationals or companies of the Republic of Iceland

1. Sectors:

Broadcasting; television; press; published works; cinematic products; import and distribution services; telecommunication services; marine transportation of cargoes and passengers; tourism services; banking services; insurance services; exploitation of oil and gas; fisheries.

2. Matters:

2. 1. Ownership, use of land and residences;

2. 2. Government subsidies and support granted to domestic enterprises;

2. 3. Prices and fees of certain goods and services under the States control;

(a) with effect from the entry into force of this Agreement, the Government of the Socialist Republic of Vietnam will (i) refrain from imposing new or more onerous discriminatory prices and fees and (ii) eliminate discriminatory prices and fees for the installation of telephones, telecommunications services (other than the subscription charge for local telephone service), water, and tourist services;

(b) within two (2) years of the entry into force of this Agreement, the Government of the Socialist Republic of Vietnam will eliminate, progressively, discriminatory prices and fees for registration of motor vehicles, international port charges, and for the subscription charge for local telephone service; and

(c) within four (4) years of the entry into force of this Agreement, the Government of the Socialist Republic of Vietnam will eliminate, progressively, discriminatory prices and fees for all other goods and services including, without limitation, electricity and air transport.