Agreement on the reciprocal promotion and protection of investments between the Kingdom of Spain and the Republic of Yemen

The Kingdom of Spain and the Republic of Yemen, hereinafter referred to as "the Contracting Parties",

Wishing to intensify economic cooperation for the mutual benefit of both countries,

Intending to create favourable conditions for investments made by either Contracting Party in the territory of the other,

And

Recognizing that the promotion and protection of investments under this Agreement stimulate initiatives in this field,

Have agreed as follows:

Article 1. Definitions

For the purposes of this Agreement,

1. The term "investment" shall mean any type of asset invested by investors from a Contracting Party in the territory of the other contracting Party in accordance with the national legislation of the latter, including in particular, although not exclusively, the following:

a) movable and immovable property and any other property rights such as mortgages, liens, pledges and similar rights related to the investment;

b) Shares, titles and obligations from a company and other forms of equity participation in a company or enterprise;

c) rights on monetary contributions or any other contractual provision with an economic value which and associated with an investment;

d) Intellectual and industrial property rights, including, but not limited to technical processes, technical knowledge (know-how) and substantive commerce;

e) rights to economic and commercial activities conferred by law or by virtue of a contract, including concessions to prospect, farming, extract or exploitation of natural resources granted in accordance with the legal provisions of the Contracting Party in whose territory the investment has been made.

Investments made in the territory of one Contracting Party by any company 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 "investment" shall mean any national or company of one of the Contracting Parties make investments in the territory of the other Contracting Party:

a) "national" means any physical person holding a nationality of one of the Contracting Parties in accordance with its legislation;

b) "Company" means any legal person or any other legal entity constituted or duly organised in accordance with the applicable legislation of that Contracting Party and with a social domicile in the territory of the same Contracting Party, such as limited or colectives companies or industrial associations.

3. "Investment proceeds" mean the income produced by an investment and, in particular, although not exclusively, the benefits, dividends, interests, capital gains, fees and professional fees.

4. "Territory" means the terrestrial land, internal waters and the territorial sea of each one of the Contracting Parties, as well as the exclusive economic zone and the continental shelf that extend beyond the territorial sea over which the Contracting Party concerned exercises sovereign rights and/or jurisdiction in accordance with its domestic law and international law.

Article 2. Promotion and Acceptance of Investments

1. Each Contracting Party will encourage in its territory, as far as possible, investments from investors of the other Contracting Party. Each Contracting Party shall accept investments in accordance with its legislation.

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 endeavour to issue the necessary authorizations concerning the activities of consultants and other qualified persons working in those investments, regardless of their nationality and in accordance with the applicable legislation in the contracting party in which the investment is located.

Article 3. Protection

1. Investments made by investors of one Contracting Party in the territory of the other Contracting Party shall be accorded fair and equitable treatment and shall enjoy full protection and security in accoradance with international law.

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

Article 4. National Treatment and Most Favoured Treatment Clause

1. Each Contracting Party shall accord, in its territory, to investments made by investors of the other Contracting Party treatment no less favourable than that which it accords to the investments made by its own investors or by investors of any third State whichever is more favourable to the investor concerned.

2. Both Contracting Parties shall accord, in its territory, to investors of the other Contracting Party, as regards the management, maintenance, use, enjoyment or disposal of their investments, treatment no less favourable than that which it accords to its own investors or to investors of any third State whichever is more favourable to the investor concerned.

3. The treatment granted under 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 the benefit of any treatment, preference or privilege resulting from:

a. Its membership of, or association with, any existing or future free trade area, customs, economic or monetary union or other similar international agreements including other forms of, current or future, regional economic organisation, or

b. Any international agreement or arrangement relating wholly or mainly to taxation or any domestic legislation relating wholly or mainly to taxation.

4. For greater security, the Contracting Parties consider that this article shall be understood without any prejudice to the right of any of them to apply a different tax treatment to the different taxpayers in accordance with their tax residence.

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 another measure 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 with the payment of a prompt, adequate and effective compensation.

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

3. Such market value shall be expressed in a freely convertible currency at the market rate of exchange prevailing for that currency on the valuation date. Compensation shall include interest at a commercial rate established on a market basis for the currency of valuation from the 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, including the valuation of its investment and the payment of compensation, in accordance with the principles set out in this Article.

5. Where a 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, the first Contacting Party shall ensure that the provisions of this Article are applied so as to guarantee prompt, adequate and effective compensation to the investors of the other Contracting Party who are owners of those shares.

Article 6. Compensation for Losses

Investors of one Contracting Party whose investments in the territory of the other Contracting Party suffer losses owing to war or to other armed conflict, state of national emergency, revolution, insurrection, civil disturbance or any other similar event, shall be accorded by the latter Contracting Party, as regards restitution, indemnification, compensation or other settlement, a treatment no less favourable than that which the latter Contracting Party accords to its own investors or to investors of any third State whichever is more favourable to the investor concerned. Resulting payments shall be freely transferable.

Article 7. Transfers

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

a) The initial capital and additional amounts required to maintain or increase the 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) Payments arising out of the settlement of a dispute.

2. Transfers under the present Agreement shall be made without delay in a freely convertible currency at the market rate of exchange applicable on the date of transfer. Each Contracting Party shall guarantee the no application of proceedings limitating the transfers referred to in this Agreement.

Article 8. Application of other Dispositions

1. If the legislation of either Contracting Party or obligations, currently in force or future, between the Contracting Parties from international law, in addition to this Agreement contain a general or special rule by virtue of which investments of investors of the other Contracting Party shall be granted with a more favourable treatment 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.

3. Nothing in this Agreement shall affect the provisions established by international Agreements relating to the intellectual and industrial property rights in force at the date of its signature.

Article 9. Subrogation

If one Contracting Party or its designated Agency makes a payment under an indemnity or guarantee agreement or a

contract of insurance against non-commercial risks given in respect of an investment made by any of its 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 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 10. Settlement of Disputes between the Contracting Parties

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

2. If it were not possible to settle the dispute in this way within six months from the start of the negotiations, it shall be submitted, at the request of either of the Contracting Parties, to an arbitral tribunal.

3. The arbitral tribunal shall be set up in the following way: each Contracting Party shall appoint one arbitrator and these two arbitrators shall elect a national of a third country as Chairman. The arbitrators shall be appointed within three months and the Chairman within five months from the date on which either of the two Contracting Parties would have informed the other Contracting Party of its intention to submit the dispute to an arbitral tribunal.

4. If within the periods specified in paragraph 3 of this Article the necessary appointments have not been made, either of the Contracting Parties 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 said function, the Vice-President shall be invited to make the necessary appointments. If the Vice-President is a national of either Party or if he too is prevented from discharging the said function, the Member of the International Court of Justice next in seniority who is not a national of either Party shall be invited to make the necessary appointments.

5. The arbitral tribunal shall issue its decision on the basis of the provisions contained in this Agreement as well as the generally accepted principles of international law.

6. Unless the Parties decide otherwise, the arbitral tribunal shall lay down its own procedure.

7. The arbitral tribunal shall reach its decision by a majority of votes and that decision shall be final and binding on both Parties.

8. Each Party shall bear the expenses of its own arbitrator and those connected with representing it in the arbitration proceedings. The other expenses, including those of the Chairman, shall be borne in equal parts by the two Parties.

Article 11. Disputes between a Contracting Party and Investors of the other Contracting Party

1. Disputes between an investor of one Contracting Party and the other Contracting Party concerning an obligation of the latter, under this Agreement, in respect of an investment of that investor shall be notified in writing by the investor to the second Contracting Party. As far as possible, the parties concerned shall endeavour to settle these disputes amicably through negotiations.

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:

a) The competent court of the Contracting Party in whose territory the investment was made; or

b) an ad hoc tribunal of arbitration established under the Arbitration Rules of the United Nations Commission on International Trade Law (UNCITRAL); or

c) the International Centre for Settlement of Investment Disputes (ICSID) set up by the "Convention on Settlement of Investment Disputes between States and Nationals of other States", opened for signature at Washington on 18th March 1965, in case both Parties become members of this Convention. As long as a Contracting Party which is party in the dispute has not become a Contracting State of the Convention mentioned above, the dispute shall be dealt with pursuant to the rules of the Additional Facility for the Administration of Conciliation, Arbitration and Fact-Finding Proceedings of the ICSID.

3. The arbitration shall be based on the provisions of this Agreement, the national law of the Party in whose territory the investment was made, including the rules relative to conflicts of law, and the rules and generally accepted principles of

international law as may be applicable.

4. The arbitration decisions shall be final and binding on the parties in the dispute. Each Party undertakes to execute the decisions in accordance with its national law.

Article 12. Scope of Aplication

This Agreement shall be applicable to investments made before or after its entry into force by investors of either Contracting Party in the territory of the other Contracting Party, but it will not be applicable to disputes emerged before the entry into force mentioned above.

Article 13. Enter Into Force, Duration and Termination

1. This Agreement shall enter into force on the date on which the Parties shall have notified each other that their respective constitutional formalities required for the entry into force of international agreements have been completed.

2. This Agreement shall remain in force for an initial period of ten years. Thereafter it shall continue in force unless denounced in writing by either Contracting Party to the other Contracting Partyof its decision to end the present agreement. The denounce will takeeffect one year after that notification.

3. In respect of investments made prior to the date of termination of this Agreement, the provisions of Articles 1 to 12 shall remain in force for a further period of ten years from the date of termination of this Agreement.

IN WITNESS WHEREOF, the respective plenipotentiaries have signed this Agreement.

DONE in duplicate at Madrid, on 29th of January, 2008, in the Albanian, Spanish and English languages, all texts being equally authentic. In case of misinterpretation of the provisions of this Agreement, the English text shall prevail.

FOR THE GOVERNMENT OF THE KINGDOM OF SPAIN

Pedro Mejía Gómez

Secretary of State of Turism and Commerce

FOR THE GOVERNMENT OF THE REPUBLIC OF ALBANIA

Salah M.S. Al-Attar

President of the General Authority of Investments