AGREEMENT

BETWEEN

THE GOVERNMENT OF THE REPUBLIC OF SINGAPORE

AND

THE GOVERNMENT OF THE ISLAMIC REPUBLIC OF PAKISTAN

ON

THE PROMOTION AND PROTECTION OF INVESTMENTS

The Government of the Republic of Singapore and the Government of the Islamic Republic of Pakistan acting through its President(each hereinafter referred to as a (Contracting Party"),

DESIRING to create favourable conditions for greater economic co-operation between them and in particular for investments by nationals and companies of one State in the territory of the other State based on the principles of equality and mutual benefit;

RECOGNISING that the encouragement and reciprocal protection of such investments will be conducive to stimulating busin initiative and increasing prosperity in both States;

HAVE AGREED AS FOLLOWS :-

ARTICLE 1

DEFINITIONS

For the purposes of this Agreement :

The term "investment" means every kind of asset permitted by each Contracting Party in accordance with its laws and regulations, including, though not exclusively, any :-

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

(b) shares, stocks, debentures and similar interests in companies;

(c) claims to money or to any performance under contract having an economic value;

(d) intellectual property rights and goodwill; and

(e) business concessions conferred by law or under contract, including any concession to search for, cultivate, extract or exploit natural resources.

2. The term "returns" means monetary returns yielded by an investment including any profits, interest, capital gains, dividends, royalties or fees.

3. The term "national" means :

(a) in respect of the Republic of Singapore, any citizen of Singapore within the meaning of the Constitution of the Republic of Singapore;

(b) in respect of the Islamic Republic of Pakistan a person who is a citizen in its territory.

4. The term "company" means :

(a) in respect of the Republic of Singapore, any corporation, company, firm, association or body, with or without legal personality, incorporated, established or registered under the laws in force in the Republic of Singapore;

(b) in respect of the Islamic Republic of Pakistan, a corporation, company, partnership or association incorporated or constituted under the laws in force in its territory.

5. The term "freely convertible currency" means any currency that is widely used to make payments for international transactions and widely traded in the principal international exchange markets.

ARTICLE 2

APPLICABILITY OF THIS AGREEMENT

1. This Agreement shall only apply :

(a) in respect of investments in the territory of the Republic of Singapore, to all investments made by nationals and companies of the Islamic Republic of Pakistan, which are specifically approved in writing by the competent authority designated by the Government of the Republic of Singapore and upon such conditions, if any, as it shall deem fit;

(b) in respect of investments in the territory of the Islamic Republic of Pakistan, to all investments made by nationals and companies of the Republic of Singapore which are specifically approved in writing by the competent authority designated by the Government of the Islamic Republic of Pakistan (if any such approval is required) and upon such conditions, if any, as it shall deem fit.

2. The provisions of the foregoing paragraph shall apply to all investments made by nationals and companies of either Contracting Party in the territory of the other Contracting Party after 1st September 1954.

ARTICLE 3

PROMOTION AND PROTECTION OF INVESTMENTS

1. Each Contracting Party shall encourage and create favourable conditions for nationals and companies of the other Contracting Party to make in its territory investments that are in line with its general economic policy.

2. Investments approved under Article 2 shall be accorded fair and equitable treatment and protection in accordance with this Agreement.

ARTICLE 4

MOST FAVOURAED NATION PROVISION

Neither Contracting Party shall in its territory subject investments admitted in accordance with the provisions of Article 2 or returns of nationals and companies of the other Contracting Party to treatment less favourable than that which it accords to investments or returns of nationals and companies of any third State.

ARTICLE 5

EXCEPTIONS

1. The provisions of this Agreement relating to the grant of treatment not less favourable than that accorded to the nationals and companies of any third State shall not be construed so as to oblige one Contracting Party to extend to nationals and companies of the other Contracting Party the benefit of any treatment, preference or privilege resulting from :

(a) any regional arrangement for customs, monetary, tariff or trade matters (including a free trade area) or any agreement designed to lead in future to such a regional arrangement; or

(b) any arrangement with a third State or States in the same geographical region designed to promote regional cooperation in the economic, social, labour, industrial or monetary fields within the framework of specific projects.

2. The provisions of this Agreement shall not apply to matters of taxation in the territory of either Contracting Party. Such matters shall be governed by any Avoidance of Double Taxation Treaty between the two Contracting Parties and the domestic laws of each Contracting Party.

ARTICLE 6

EXPROPRIATION

1. Neither Contracting Party shall take any measure of expropriation, nationalization or other measures having effect equivalent to nationalization or expropriation (hereinafter referred to as "expropriation") against the investment of nationals or companies of the other Contracting Party unless the measures are taken for any purpose authorised by law, on a non-discriminatory basis, in accordance with its laws and against compensation which shall be fair and equitable and effectively realisable and shall be made without unreasonable delay. Such compensation, shall, subject to the laws of each Contracting Party, be the value immediately before the expropriation. The compensation shall be freely convertible and transferable.

2. Any measure of expropriation or valuation may, at the request of the national or company affected, be reviewed by a judicial or other competent authority of the Contracting Party taking the measures in the manner prescribed by its laws.

3. Where a Contracting Party expropriates the assets of a company which is incorporated or constituted under the laws in force in any part of its own territory, anu in which nationals or companies of the other Contracting Party own shares, it shall ensure that the provisions of paragraph 1 of this Article are applied to the extent necessary to guarantee compensation as specified therein to such nationals or companies of the other Contracting Party who are owners of those shares.

ARTICLE 7

COMPENSATION FOR LOSSES

Nationals or companies of one Contracting Party whose investments in the territory of the other Contracting Party suffer losses owing to war or other armed conflict, 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, if any, no less favourable than that which the latter Contracting Party accords to nationals or companies of any third State. The compensation shall be freely convertible and transferable.

ARTICLE 8

REPATRIATION

1. Each Contracting Party shall guarantee to nationals or companies of the other Contracting Party the free transfer, on a non-discriminatory basis, of their capital and the returns from any investments. The transfer shall be made in a freely convertible currency. Such transfers shall include, in particular, though not exclusively :

(a) profits, capital gains, dividends, royalties, interest and other current income accruing from an investment;

(b) the proceeds of the total or partial liquidation of an investment;

(c) repayments made pursuant to a loan agreement in connection with an investment;

(d) license fees in relation to the matters in Article 1(1)(d);

(e) payments in respect of technical assistance, technical service and management fees;

(f) payments in connection with contracting projects;

(g) earnings of nationals of the other Contracting Party who work in connection with an investment in the territory of the former Contracting Party.

2. Nothing in paragraph 1 of this Article shall affect the free transfer of compensation paid under Articles 6 & 7 of this Agreement.

ARTICLE 9

EXCHANGE RATE

The transfers referred to in Articles 6 to 8 of this Agreement shall be effected at the prevailing market rate in freely convertible currency on the date of transfer.

ARTICLE 10

LAWS

For the avoidance of any doubt, it is declared that all investments shall, subject to this Agreement, be governed by the laws in force in the territory of the Contracting Party in which such investments are made.

ARTICLE 11

PROHIBITIONS AND RESTRICTIONS

The provisions of this Agreement shall not in any way limit the right of either Contracting Party to apply prohibitions or restrictions of any kind or take any other action which is directed to the protection of its essential security interests, or to the protection of public health or the prevention of diseases and pests in animals or plants.

ARTICLE 12

SUBROGATION

1. In the event that either Contracting Party (or any agency, institution, statutory body or corporation designated by it) as a result of an indemnity it has given in respect of an investment or any part thereof makes payment to its own nationals and companies in respect of any of their claims under this Agreement, the other Contracting Party acknowledges that the former Contracting Party (or any agency, institution, statutory body or corporation designated by it) is entitled by virtue of subrogation to exercise the rights and assert the claims of its own nationals and companies. The subrogated rights or claims shall not be greater than the original rights or claims of the said investor.

2. Any payment made by one Contracting Party (or any agency, institution, statutory body or corporation designated by it) to its nationals and companies shall not affect the right of such nationals and companies to make their claims against the other Contracting Party in accordance with Article 13.

ARTICLE 13

INVESTMENT DISPUTES

1. Any dispute between an investor of one Contracting Party and the other Contracting Party in connection with an investment in the territory of the other Contracting Party shall, as far as possible, be settled amicably through

negotiations between the parties to the dispute. The party intending to resolve such dispute through negotiations shall give written notice to the other of its intention.

2. If the dispute cannot be thus resolved as provided in paragraph 1 of this Article, within 6 months from the date of the notice given thereunder by either party to the dispute, then, unless the parties have otherwise agreed, it shall, upon the request of either party to the dispute:

a) be submitted to conciliation or arbitration by the International Centre for Settlement of Investment Disputes (called "the Centre" in this Agreement) established by the Convention on the Settlement of Investment Disputes between the States and Nationals of Other States opened for signature at Washington on 18 March, 1965 (called "the Convention" in this Agreement). For this purpose, each Contracting Party hereby irrevocably consents in advance under Article 25 of the Convention to submit any dispute to the Centre; or

b) be referred to either conciliation in accordance with the United Nations Commission on International Trade Law Rules of Conciliation, 1980 or to arbitration in accordance with the United Nations Commission on International Trade Law Rules on Arbitration, 1976.

ARTICLE 14

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 negotiation.

2. If any dispute cannot be thus settled, it shall upon the request of either Contracting Party be submitted to arbitration. The arbitral tribunal (hereinafter called "the tribunal") shall consist of three arbitrators, one appointed by each Contracting Party and the third, who shall be Chairman of the tribunal, appointed by agreement of the Contracting Parties.

3. Within two months of receipt of the request for arbitration, each Contracting Party shall appoint one arbitrator, and within two months of such appointment of the two arbitrators, the Contracting Parties shall appoint the third arbitrator.

4. If the tribunal shall not have been constituted within four months of receipt of the request 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 or arbitrators not yet appointed. If the President is a national of either Contracting Party or if he is unable to do so, the Vice-President may be invited to do so. If the Vice -President is a national of either Contracting Party or if he is unable

to do so, the Member of the International Court of Justice next in seniority who is not a national of either Contracting Party may be invited to make the necessary appointments, and so on.

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

6. The tribunal's decision shall be final and the Contracting Parties shall abide by and comply with the terms of its award.

7. Each Contracting Party shall bear the costs of its own member of the tribunal and of its representation in the arbitration proceedings and half the costs of the Chairman and the remaining costs. The tribunal may, however, in its decision direct that a higher proportion of costs shall be borne by one of the two Parties, and this award shall be binding on both Parties.

8. Apart from the above the tribunal shall establish its own rules of procedure.

ARTICLE 15

OTHER OBLIGATIONS

If the legislation of either Contracting Party or international obligations existing at present or established hereafter between the Contracting Parties in addition to this Agreement, result in a position entitling investments by nationals of the other Contracting Party to treatment more favourable than is provided for by this Agreement, such position shall not be affected by this Agreement. Each Contracting Party shall observe any commitment in accordance with its laws additional to those specified in this Agreement entered into by the Contracting Party, its nationals or companies with nationals or companies of the other Contracting Party as regards their investments.

ARTICLE 16

ENTRY INTO FORCE, DURATION AND TERMINATION

1. Each Contracting Party shall notify the other Contracting Party of the fulfilment of its internal legal procedures required for the bringing into force of this Agreement. This Agreement shall enter into force on the thirtieth day from the date of notification of the later Contracting Party.

2. This Ageement shall remain in force for a period of fifteen years and shall continue in force thereafter unless, after the expiry of the initial period of fourteen years, either Contracting Party notifies in writing the other Contracting Party of its intention to terminate this Agreement. The notice of termination shall become effective one year after it has been received by the other Contracting Party.

3. In respect of investments made prior to the date when the notice of termination of this Agreement becomes effective, the provisions of Article 1 to 15 shall remain in force for a further period of fifteen years from that date.

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

Done in duplicate at **SINGAPORE** on **Marach 8, 1995,** in the English language.

(LAM CHUAN LEONG)
Permanent Secretary
Ministry of Trade and Industry

For the Government of the Republic of Singapore

(VIQAR RUSTAM BAKHSHI)
Secretary
Ministry of Industries and Production

For the Government of the Islamic Republic of Pakistan