

**AGREEMENT
BETWEEN
THE GOVERNMENT OF THE ITALIAN REPUBLIC
AND
THE GOVERNMENT OF THE SYRIAN ARAB REPUBLIC
ON
THE PROMOTION AND PROTECTION OF INVESTMENTS**

The Government of the Italian Republic and the Government of the Syrian Arab Republic (hereafter referred to as “Contracting Parties”),

DESIRING to establish favourable conditions for improved economic cooperation between the two Countries, and especially in relation to capital investment by investors of one Contracting Party in the territory of the other Contracting Party; and

ACKNOWLEDGING that offering encouragement and mutual protection to such investment, based on international Agreements, will contribute to stimulate business ventures which foster the prosperity of both Contracting Parties,

HAVE agreed as follows:

Article 1 – Definitions

For the purposes of this Agreement:

1. The term “investment” shall mean any kind of asset invested by a natural or legal person of a Contracting Party in the territory of the other Contracting Party, in conformity with the laws and regulations of that Party, irrespective of the legal form chosen, as well as of the legal framework.
Without limiting the generality of the foregoing, the term “investment” comprises in particular, but not exclusively:
 - a) movable and immovable property and any ownership right “in rem”, including real guarantee property rights of a third party, to the extent that it can be invested;

- b) shares, debentures, equity holdings or any other instruments of credit, as well as Government and public securities in general;
- c) credits for sums of money or any service right having an economic value connected with an investment, as well as reinvested incomes and capital gains;
- d) copyright, commercial trade marks, patents, industrial designs and other intellectual and industrial property rights, know-how, trade secrets, trade names and goodwill;
- e) any economic rights accruing by law or by contract and any licence and franchise granted in accordance with the provisions in force on economic activities, including the right to prospect for, extract and exploit natural resources;
- f) any increases in value of the original investment.

Any modification in the form of the investment does not imply a change in the nature thereof.

2. The term "investor" shall mean any natural or legal person of a Contracting Party investing in the territory of the other Contracting Party as well as the foreign subsidiaries, affiliates and branches controlled in any way by the above natural and legal persons.

3. The term "natural person", in reference to either Contracting Party, shall mean any natural person holding the nationality of that State in accordance with its law.

4. The term "legal person", in reference to either Contracting Party, shall mean any entity having its head office with their real economic activities in the territory of one of the Contracting Parties and recognised by it.

5. The term "income" shall mean the money accruing to an investment, including in particular profits or interests, interest income, capital gains, dividends, royalties or payments for assistance or technical services and other services, as well as any considerations in kind such as, but not exclusively, raw materials, produces or products and livestock.

6. The term "territory" shall mean:

- in respect of the Italian Republic, in addition to the zones contained within the land boundaries, the "maritime zones". The latter also comprise the marine and submarine zones over which Italy exercises sovereignty and sovereign or jurisdictional rights under international law;

- in respect of the Syrian Arab Republic, Syria means Syrian Arab Republic in its geographical sense, which means the territories of the Syrian Arab Republic

including its territorial sea, the continental reef, the subsoil, the air space above it and all other areas outside the Syrian territorial sea within which, in accordance with international law and its national legislation, Syria exercises sovereign rights for the purpose of extracting and exploiting the natural, vital and mining resources and all other rights in the water, on land and under the seabed.

7. The term “investment agreement” shall mean an agreement that a Contracting Party may stipulate with an investor of the other Contracting Party in order to regulate the specific legal relationships concerning the investment.

8. The term “non-discriminatory treatment” shall mean treatment that is at least as favourable as the better between national treatment and the most-favoured-nation treatment.

Article 2 – Promotion and Protection of Investments

1. Both Contracting Parties shall encourage investors of the other Contracting Party to invest in their territory.

2. Each Contracting Party shall in its territory promote investments of the other Contracting Party and admit such investments in accordance with its laws and regulations.

3. Both Contracting Parties shall at all times ensure just and fair treatment of the investments of investors of the other Contracting Party. Both Contracting Parties shall ensure that the management, maintenance, use, transformation, enjoyment or assignment of the investments effected in their territory by investors of the other Contracting Party, as well as by companies and enterprises in which these investments have been effected, shall in no way be subject to unjustified or discriminatory measures.

4. Each Contracting Party shall create and maintain, in its territory, the favourable economic and legal conditions in order to ensure the effective implementation of this Agreement in accordance with its applicable laws and regulations and to guarantee to investors the continuity of legal treatment.

Article 3 – National Treatment and the Most Favoured Nation Clause

1. Both Contracting Parties, within their own territory, shall offer investments effected by, and the income accruing to, investors of the other Contracting Party no less favourable treatment than that accorded to investments effected by, and income accruing to, its own nationals or investors of Third States.
2. Should, from the legislation of one of the Contracting Parties, or from the international obligations in force or that may come into force for the future for one of the Contracting Parties, come out a legal framework according to which the investors of the other Contracting Party would be granted a more favourable treatment than the one foreseen in this Agreement, the treatment granted to the investors of such other parties will apply to investors of the relevant Contracting Party also for the outstanding relationships.
3. The provisions under points 1 and 2 of this Article do not refer to the advantages and privileges which one Contracting Party may grant to investors of Third States by virtue of their membership of a Customs or Economic Union, of a Common Market, of a Free Trade Area, of a regional or subregional Agreement, of an international Multilateral economic Agreement or under Agreements signed in order to prevent double taxation or to facilitate cross border trade.

Article 4 – Compensation for Damages or Losses

1. Should investors of either Contracting Parties incur losses or damages on their investments in the territory of the other Contracting Party due to war, other forms of armed conflict, a state of emergency, civil strife or other similar events, the Contracting Party in which the investment has been effected shall offer adequate compensation in respect of such losses or damages. Irrespective of whether such losses or damages have been caused by governmental forces or other subjects, compensation payments shall be freely transferable as provided for in article 8 of this Agreement.
The investors concerned shall receive the same treatment as the nationals of the other Contracting Party and, at all events, no less favourable treatment than investors of Third States.

Article 5 – Nationalisation or Expropriation

1. The investments to which this Agreement relates shall not be subject to any measure which might limit the right of ownership, possession, control or enjoyment of the investments, permanently or temporarily, unless specifically provided by current, national or local, legislation and regulations and orders handed down by Courts or Tribunals having jurisdiction.

2. Investments of investors of either Contracting Parties shall not be, “de jure” or “de facto”, directly or indirectly, nationalised, expropriated, requisitioned or subjected to any measures having an equivalent effect in the territory of the other Contracting Party, except for public purposes or national interest and in exchange for prompt, adequate and effective compensation, and on condition that these measures are taken on a non-discriminatory basis and in conformity with all legal provisions and procedures of the host Country.

3. The adequate compensation shall be equivalent to the fair market value of the expropriated investment immediately prior to the moment in which the decision to nationalise or expropriate is announced or made public.

Whenever there are difficulties in ascertaining the fair market value, it shall be determined according to the internationally acknowledged evaluation standards.

Compensation shall be calculated in a convertible currency at the prevailing exchange rate applicable on the date on which the decision to nationalise or expropriate is announced or made public and shall include interests calculated on the basis of EURIBOR Standards from the date of the de facto nationalisation or expropriation to the date of payment. The compensation may be obtained and transferred without any condition.

Once the compensation has been determined, it shall be paid without undue delay and in any case no later than one month after its determination.

4. In case that the object of the expropriation is a joint-venture constituted in the territory of one of the Contracting Parties, the compensation to be paid to the investor of the other Contracting Party shall be calculated taking into account the share of such investor in the joint-venture, in accordance with its basic documents.

5. A national or company of either Contracting Party that asserts that all or part of its investment has been expropriated shall enjoy the right to prompt review by the appropriate judicial or administrative authorities of the other Contracting Party, to determine whether any such compensation thereof conforms to the principles of international law, and to decide all other matters relating thereto.

6. If, after the dispossession, the expropriated investment has not been utilised for a reasonable period of time for that purpose, the owner or his assignees are entitled to repurchase it at the compensation price calculated according to the current market value.

Article 6 – Repatriation of Capital, Profits and Income

1. Each Contracting Party shall ensure, in accordance with its laws and regulations on currency transfer, that all payments relating to an investment in its territory of an investor of the other Contracting Party may be freely transferred into and out of its territory without undue delay after the fiscal obligations have been met. Such transfers shall include, in particular, though not exclusively:

- a) capital and additional capital, including reinvested income, used to maintain and increase the investment;
- b) the net income, dividends, royalties, payments for assistance and technical services, interests and other profits;
- c) income deriving from the total or partial sale or the total or partial liquidation of an investment;
- d) funds to repay loans connected to an investment and the payment of the related interests;
- e) remuneration and allowances paid to nationals of the other Contracting Party for work and services performed in relation to an investment effected in the territory of the other Contracting Party, in the amount and manner prescribed by the national legislation and regulations in force;
- f) compensation payments provided for in Article 4.

2. The fiscal obligations under the previous paragraph are deemed to be complied with when the investor has fulfilled the procedures provided for by the legislation of the Contracting Party on whose territory the investment has been carried out.

3. Without restricting the scope of Article 3 of this Agreement, the Contracting Parties undertake to apply to the transfers mentioned in paragraph 1 of this Article the same favourable treatment that is accorded to investments effected by investors of Third States, in case it is more favourable.

Article 7 – Subrogation

In the event that one Contracting Party or one of its Institutions has provided a guarantee in respect of non-commercial risks for the investment effected by one of its investors in the territory of the other Contracting Party, and has effected payment to said investor on the basis of that guarantee, the other Contracting Party shall recognise the assignment of the rights of the investor to the first-named Contracting Party. In relation to the transfer of payments to the Contracting Party or its Institution by virtue of this assignment, the provisions of Articles 4, 5 and 6 of this Agreement shall apply.

Article 8 – Transfer procedures

The transfers referred to in Articles 4, 5, 6 and 7 shall be effected in accordance with the related laws and regulations without undue delay and, at all events, within one month. All the transfers shall be made in a convertible currency at the prevailing exchange rate applicable on the date on which the investor applies for the related transfer, with the exception of the provisions under point 3 of Article 5 concerning the exchange rate applicable in case of nationalisation or expropriation.

Article 9 – Settlement of Disputes between Investors and Contracting Parties

1. Any dispute which may arise between one of the Contracting Parties and the investors of the other Contracting Party on investments, including disputes relating to the amount of compensation, shall be settled through consultations and negotiations, as far as possible.
2. In case the investor and one entity of either Contracting Parties stipulated an investment agreement, the procedure foreseen in such investment agreement shall, apply.
3. In the event that such dispute cannot be settled as provided in paragraph 1 of this Article within six months of the date of the written application for settlement, the investor in question may submit at his choice the dispute for settlement to:
 - a) the Contracting Party's Court having territorial jurisdiction;

b) an ad hoc Arbitration Tribunal, in compliance with the arbitration regulation of the UN Commission on the International Trade Law (UNCITRAL); the host Contracting Party undertakes hereby to accept the reference to said arbitration;

c) the International Centre for Settlement of Investment Disputes, for the implementation of the arbitration procedures under the Washington Convention of 18 March, 1965, on the Settlement of Investment Disputes between States and Nationals of other States, if or as soon as both Contracting Parties have acceded to it.

4. Both Contracting Parties shall refrain from negotiating through diplomatic channels any matter relating to an arbitration procedure or judicial procedures underway until these procedures have been concluded, and one of the Contracting Parties has failed to comply with the ruling of the Arbitration Tribunal or the Court of law within the period envisaged by the ruling, or else within the period which can be determined on the basis of the international or domestic law provisions which can be applied to the case.

Article 10 – Settlement of Disputes between the Contracting Parties

1. Any dispute which may arise between the Contracting Parties relating to the interpretation and application of this Agreement shall, as far as possible, be settled through consultations and negotiations.

2. In the event that the dispute cannot be settled within six months of the date on which one of the Contracting Parties notifies, in writing, the other Contracting Party, the dispute shall, at the request of one of the Contracting Parties, be laid before an ad hoc Arbitration Tribunal as provided in this Article.

3. The Arbitration Tribunal shall be constituted in the following manner: within two months from the moment on which the request for arbitration is received, each of the two Contracting Parties shall appoint a member of the Tribunal. The President shall be appointed within three months of the date on which the other two members are appointed.

4. If, within the period specified in paragraph 3 of this Article, the appointments have not been made, each of the two Contracting Parties can, in default of other arrangement, ask the President of the International Court of Justice to make the appointment. In the event that the President of the Court is a national of one of the Contracting Parties or, if for any reason, it is impossible for him to make the appointment, the application shall be made to the Vice President of the Court. If

the Vice-President of the Court is a national of one of the Contracting Parties, or is unable to make the appointment for any reason, the most senior member of the International Court of Justice, who is not a national of one of the Contracting Parties, shall be invited to make the appointment.

5. The Arbitration Tribunal shall rule with a majority vote, and its decisions shall be binding. Both Contracting Parties shall pay the costs of their own arbitration and of their representative at the hearings. The President's costs and any other cost shall be divided equally between the Contracting Parties. The Arbitration Tribunal shall lay down its own procedures.

Article 11 – Relations between Governments

The provisions of this Agreement shall be applied irrespective of whether or not the Contracting Parties have diplomatic or consular relations.

Article 12 – Application of other Provisions

1. If a matter is governed both by this Agreement or by another International Agreement to which both Contracting Parties are signatories, the most favourable provisions shall be applied to the Contracting Parties and to their investors.

2. Whenever the treatment accorded by one Contracting Party to the investors of the other Contracting Party, according to its laws and regulations or other provisions or specific contracts or investment authorisations or agreements, is more favourable than that provided under this Agreement, the most favourable treatment shall apply.

3. After the date when the investment has been made, a modification in the legislation of the Contracting Party regulating directly or indirectly the investment, shall not be applied retroactively and the investment made under this Agreement shall therefore be protected.

Article 13 – Entry into Force

This Agreement shall enter into force as from the receiving date of the last of the two notifications by which the two Contracting Parties shall communicate

officially to each other that their respective ratification procedures have been completed.

Article 14 – Duration and Expiry

1. This Agreement shall remain effective for a period of 10 years from the date of the notification under Article 13 and shall remain in force for a further period of 5 years thereafter, unless either of the two Contracting Parties decides to denounce it not later than one year before its expiry date.

2. In the case of investments effected prior to the expiry dates, as provided under paragraph 1 of this Article, the provisions of the Articles 1 to 12 shall remain effective for a further period of five years after the aforementioned dates.

IN WITNESS THEREOF, the undersigned Representatives, being duly authorised thereto by their respective Governments, have signed the present Agreement.

DONE AT *Rome*....., on *20th February 2002* in two originals, each in the Italian, Arab and English languages, all texts being equally authentic. In case of any divergence, the English text shall prevail.

FOR THE GOVERNMENT
OF THE ITALIAN REPUBLIC

Abdullah

FOR THE GOVERNMENT
OF THE SYRIAN ARAB REPUBLIC

[Signature]

PROTOCOL

On signing the Agreement between the Government of the Italian Republic and the Government of the Syrian Arab Republic on the Promotion and Protection of Investments, the Contracting Parties also agreed to the following clauses, which are integral part of the said Agreement.

General Provision

This Agreement and all provisions thereof referred to “Investments” provided they are made in accordance with the legislation of the Contracting Party in whose territory the investment is made, apply as well to the following associated activities: the organisation, control, operation, maintenance and disposal of companies, branches, agencies, offices or other organisations for the conduct of business; the receipt of registrations, licenses, permits and other approvals necessary for the conduct of commercial activity; the acquisition, use and disposal of property of all kinds, including intellectual property, as well as the protection thereof; the access to the financial market, in particular the borrowing of funds, the purchase, sale and issue of shares and other securities and the purchase of foreign exchange for imports necessary for the conduct of business affairs; the marketing of goods and services; the procurement, sale and transport of raw and processed materials, energy, fuels and production means; the dissemination of commercial information.

2. With reference to Article 2

a) Either Contracting Parties shall grant to nationals of the other Contracting Party, who are in its territory in connection with an investment under this Agreement, adequate working conditions for carrying out their professional activities, in accordance with its own legislation.

b) According to its laws and regulations, each Contracting Party shall regulate as favourably as possible the problems connected with the entry, stay, work and movement in its territory of nationals of the other Contracting Party, and

members of their families, performing activities related to investments under this Agreement.

c) Legal persons constituted under the applicable laws or regulations of one Contracting Party, which are owned or controlled by investors of the other Contracting Party, shall be permitted to engage top managerial personnel of their choice, regardless of their nationality, in accordance with the legislation of the host Contracting Party.

3. With reference to Article 3

All the activities related to the procurement, sale and transport of raw and processed materials, energy, fuels and production means, as well as any other kind of operation related to them and somehow linked to entrepreneurial activities under this Agreement shall be accorded, in the territory or each Contracting Party, no less favourable treatment than that accorded to similar activities and initiatives taken by residing nationals or investors nationals of a Third Country.

4. With reference to Article 9

Under Article 9 (3) (b), arbitration shall be conducted in accordance with the arbitration standards of the United Nations Commission on International Trade Law (UNCITRAL), as laid down in the UN General Assembly Resolution 31/98 of December 15, 1976, as well as pursuant to the following provisions:

a) The Arbitration Tribunal shall be composed of three arbitrators; if they are not nationals of either Contracting Party, they shall be nationals of States having diplomatic relations with both Contracting Parties.

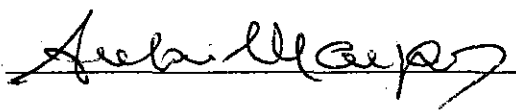
The appointment of arbitrators will be made by the President of the Arbitration Institute of the Stockholm Chamber, in his capacity as Appointing Authority. The arbitration will take place in Stockholm, unless the two Parties in the arbitration have agreed otherwise.

b) When delivering its decision, the Arbitration Tribunal shall apply the provisions contained in this Agreement, as well as the principles of international law recognised by the two Contracting Parties. Recognition and implementation

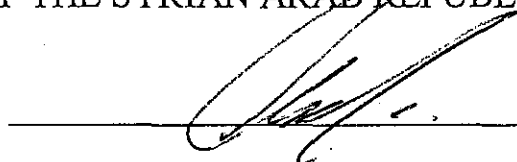
of the arbitration decision in the territory of the Contracting Parties shall be governed by their respective national legislations, in compliance with the relevant international Conventions they are parties to.

DONE AT Rome....., on 20th February 2002 in two originals, each in the Italian, Arab and English languages, all texts being equally authentic. In case of any divergence, the English text shall prevail.

FOR THE GOVERNMENT
OF THE ITALIAN REPUBLIC



FOR THE GOVERNMENT
OF THE SYRIAN ARAB REPUBLIC



PROTOCOLLO

Nel firmare l'Accordo tra il Governo della Repubblica Italiana e il Governo della Repubblica Araba Siriana sulla Promozione e Protezione degli Investimenti, le Parti Contraenti hanno altresì concordato le seguenti clausole che formano parte integrante di detto Accordo.

Disposizione generale

Il presente Accordo e tutte le relative disposizioni riferite agli "investimenti", a condizione che essi siano effettuati in conformità con la legislazione della Parte Contraente sul cui territorio viene effettuato l'investimento, si applicano altresì alle seguenti attività associate: l'organizzazione, il controllo, il funzionamento, il mantenimento e la cessione di società, filiali, agenzie, uffici o altre organizzazioni per l'esercizio dell'attività commerciale; la ricezione di registrazioni, licenze, permessi ed altre autorizzazioni necessari per l'esercizio dell'attività commerciale; l'acquisizione, l'utilizzo e la cessione di beni di proprietà di ogni genere, ivi inclusa la proprietà intellettuale, nonché la relativa protezione; l'accesso al mercato finanziario, in particolare l'assunzione di prestiti, l'acquisto, la vendita e l'emissione di titoli azionari ed altri valori mobiliari e l'acquisto di valuta estera finalizzata alle importazioni necessarie per l'esercizio delle attività economiche; la commercializzazione di beni e servizi; l'approvvigionamento, la vendita e il trasporto di materie prime e prodotti lavorati, di energia, combustibili e mezzi di produzione; la diffusione di informazioni commerciali;

2. Con riferimento all'articolo 2

- a) Ciascuna Parte Contraente accorderà ai cittadini dell'altra Parte Contraente, che si trovano sul suo territorio in relazione ad un investimento ai sensi del presente Accordo, condizioni di lavoro adeguate allo svolgimento delle loro attività professionali, in conformità con la propria legislazione.
- b) in conformità con le proprie leggi e regolamenti, ciascuna Parte Contraente disciplinerà nel modo più favorevole possibile le questioni relative all'ingresso, al soggiorno, al lavoro e alla circolazione sul suo territorio di cittadini dell'altra Parte Contraente e dei loro familiari che svolgano attività connesse con gli investimenti ai sensi del presente Accordo.

- c) alle persone giuridiche costituite in conformità con le leggi e i regolamenti vigenti di una Parte Contraente, possedute o controllate da investitori dell'altra Parte Contraente, sarà consentito impiegare personale direttivo di alto livello da esse scelto, indipendentemente dalla loro cittadinanza, in conformità con la legislazione della Parte Contraente ospitante.

Con riferimento all'articolo 3

A tutte le attività riguardanti l'approvvigionamento, la vendita e il trasporto di materie prime e prodotti lavorati, energia, combustibili e mezzi di produzione, nonché ogni tipo di operazioni ivi connesse e, in qualche modo, legate ad attività imprenditoriali ai sensi del presente Accordo, sarà riservato, nel territorio di ciascuna Parte Contraente, un trattamento non meno favorevole di quello accordato ad attività ed iniziative analoghe intraprese da cittadini residenti o investitori cittadini di Paesi terzi.

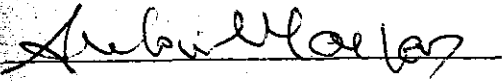
Con riferimento all'articolo 9

Ai sensi dell'articolo 9 (3) (b), l'arbitrato sarà condotto in conformità con i criteri arbitrali della Commissione delle Nazioni Unite sul Diritto Commerciale Internazionale (UNCITRAL), come previsto dalla Risoluzione dell'Assemblea Generale dell'ONU 31/98 del 15 dicembre 1976, nonché nel rispetto delle seguenti disposizioni:

- a) il Tribunale Arbitrale sarà composto da tre arbitri; qualora questi non siano cittadini di una delle Parti Contraenti, essi dovranno essere cittadini di Stati aventi relazioni diplomatiche con entrambe le Parti Contraenti.
La nomina degli arbitri sarà effettuata dal Presidente dell'Istituto di Arbitrato della Camera di Stoccolma nella sua qualità di autorità preposta alle nomine. L'arbitrato si svolgerà a Stoccolma, salvo diverso accordo fra le due Parti dell'arbitrato.
- b) nel pronunciare la sua decisione, il Tribunale Arbitrale applicherà le disposizioni contenute nel presente Accordo, nonché i principi di diritto internazionale riconosciuti dalle due Parti Contraenti. Il riconoscimento e l'applicazione della decisione arbitrale nel territorio delle Parti Contraenti saranno disciplinati dalle rispettive legislazioni nazionali, in conformità con le Convenzioni internazionali in materia di cui esse siano parti.

FATTO A. *Roma* il *20 febbraio 2002* in due originali,
ciascuno in lingua italiana, araba ed inglese, tutti i testi facenti ugualmente fede.
In caso di divergenze, prevarrà il testo inglese.

PER IL GOVERNO DELLA
REPUBBLICA ITALIANA



PER IL GOVERNO DELLA
REPUBBLICA ARABA SIRIANA

