



IN THE NAME OF GOD

AGREEMENT

**ON RECIPROCAL PROMOTION AND
PROTECTION OF INVESTMENTS**

BETWEEN

**THE GOVERNMENT OF
THE SULTANATE OF OMAN**

AND

**THE GOVERNMENT OF
THE ISLAMIC REPUBLIC OF IRAN**

PREAMBLE

The Government of the Sultanate of Oman and the Government of the Islamic Republic of Iran hereinafter referred to as the "Contracting Parties",

Desiring to intensify economic cooperation to mutual benefit of both States;

Intending to utilize their economic resources and potential facilities in the area of investments as well as to create and maintain favourable conditions for investments of the nationals of the Contracting Parties in each others' territory and;

Recognizing the need to promote and protect investments of the nationals of the Contracting Parties in each others' territory;

Have agreed as follows:

ARTICLE 1 DEFINITIONS

For the purpose of this Agreement, the meaning of the terms used therein are as follows:

1. The term "investment" refers to every kind of property or asset, including the following, invested by the investors of one Contracting Party in the territory of the other Contracting Party in accordance with the laws and regulations of the other Contracting Party (hereinafter referred to as the host Contracting Party):

- (a) movable and immovable property as well as rights related thereto such mortgage, lien and pledge;
- (b) shares or any kind of participation in companies;
- (c) title to money or to any performance connected with an investment having a financial value;



(d) industrial and intellectual property rights such as patent, utility models, industrial designs or models, trade marks and names, know-how and good will;

(e) rights to search for, extract or exploit natural resources.

An approved change in the form in which assets are invested does not affect their character as investment.

2. The term "investors" refers to the following persons who invest in the territory of the other Contracting Party within the framework of this Agreement:

(a) natural persons who, according to the laws of either Contracting Party, are considered to be it's national and have not the nationality of the host Contracting Party.


(b) legal entities which are established under the laws of that Contracting Party and have their seat together with their real economic activities in the territory of that Contracting Party.

3. The term "returns" shall mean the amounts legally yielded by an investment and in particular, though not exclusively, includes profit, interest, capital gains, dividends, royalties and fees.

4. The term "territory" with regard to either Contracting Party, refers to the territory of the Islamic Republic of Iran or the territory of the Sultanate of Oman, as the case maybe.

ARTICLE 2 PROMOTION OF INVESTMENTS

1. Either Contracting Party shall encourage and create favourable conditions for its nationals to invest in the territory of the other Contracting Party.



2. Either Contracting Party shall, within the framework of its laws and regulations, create favourable conditions for attraction of investments of nationals of the other Contracting Party in its territory.

ARTICLE 3 **ADMISSION OF INVESTMENTS**

1. Either Contracting Party shall admit investments of natural and legal persons of the other Contracting Party in its territory in accordance with its laws and regulations.

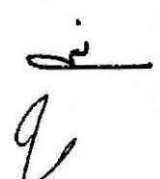
2. When an investment is admitted, either Contracting Party shall, in accordance with its laws and regulations, grant all necessary permits for the realization of such an investment.

ARTICLE 4 **PROTECTION OF INVESTMENTS**

1. Investments of natural and legal persons of either Contracting Party effected within the territory of the other Contracting Party, shall receive the host Contracting Party's full legal protection and fair and equitable treatment not less favourable than that accorded to investors of any third state who are in a comparable situation.

2. Each Contracting Party shall not impair the maintenance, use, enjoyment or disposal of the investments made by the investors of the other Contracting Party by discriminatory or unreasonable measures.

3. If a Contracting Party has accorded or shall accord in future special advantages or rights to investor(s) of any third state by virtue of an existing or future agreement establishing a free trade area, a customs union, a common market or a similar regional organization and / or by virtue of an arrangement on the avoidance of double taxation, it shall not be obliged to accord such advantages or rights to investors of the other Contracting Party.



ARTICLE 5
MORE FAVOURABLE PROVISIONS



Notwithstanding the terms set forth in this Agreement, more favourable provisions which have been or may be agreed upon by either of the Contracting Parties with an investor of the other Contracting Party are applicable.

ARTICLE 6
EXPROPRIATION AND COMPENSATION

Investments of investors of either Contracting Party shall not be nationalized, expropriated or subjected to measures having effect equivalent to nationalization or expropriation (hereinafter referred to as "expropriation") in the territory of the other Contracting Party except for a public interest. The expropriation shall be carried out under due process of law, on a non-discriminatory basis and upon payment of prompt, appropriate and effective compensation. Such compensation shall amount to the fair market value of the investment Expropriated immediately before the expropriation is announced or becomes public knowledge and in case of delay in the payment shall include interest from the date of expropriation.

ARTICLE 7
LOSSES

Investors of either Contracting Party whose investments suffer losses due to any armed conflict, revolution or similar state of emergency in the territory of the other Contracting Party shall be accorded by the other Contracting Party treatment no less favourable than that accorded to its own investors or to investors of any third country, whichever is more favourable.

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ARTICLE 8
REPATRIATION AND TRANSFER

1. Each Contracting Party shall permit in good faith the following transfers related to investments referred to in this Agreement, to be made freely and without delay out of its territory:


- (a) returns;
- (b) proceeds from the sale and / or liquidation of all or part of an investment;
- (c) royalties and fees related to transfer of technology agreement;
- (d) sums paid pursuant to Articles 6 and / or 7 of this Agreement;
- (e) loan installments related to an investment provided that they are paid out of such investment activities;
- (f) monthly salaries and wages received by the employees of an investor who have obtained in the territory of the host Contracting Party, the corresponding work permits related to that investment;
- (h) payments arising from a decision of the authority referred to in Article 12.

2. Unless otherwise agreed with the investor, the above transfer shall be effected without delay, in a convertible currency, at the rate of exchange prevailing on the date of transfer.

ARTICLE 9
SUBROGATION

If a Contracting Party or its designated agency, within the framework of a legal system, subrogates an investor pursuant to a payment made under an insurance or guarantee agreement against non-commercial risk:



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- (a) such subrogation shall be recognized by the other Contracting Party;
 - (b) the subrogee shall not be entitled to exercise any rights other than the rights which the investor would have been entitled to exercise;
 - (c) disputes between the subrogee and the host Contracting Party shall be settled in accordance with Article 12 of this Agreement.

ARTICLE 10
OBSERVANCE OF COMMITMENTS

Either Contracting Party shall guarantee the observance of the commitments it has entered into with respect to investments of natural or legal persons of the other Contracting Party.

ARTICLE 11
SCOPE OF THE AGREEMENT

This Agreement shall apply to investments approved by the competent authority of the host Contracting Party.

The competent authority in the Islamic Republic of Iran is Organization for Investment, Economic Technical Assistance of Iran (O.I.E.T.A.I) or any authority which will succeed to it.

ARTICLE 12
SETTLEMENT OF DISPUTES
BETWEEN A CONTRACTING PARTY
AND INVESTOR(S) OF THE OTHER CONTRACTING
PARTY

1. Any dispute concerning an investment between one Contracting Party and an investor of the other Contracting Party shall, if possible, be settled amicably.



2. In the event that such dispute cannot be settled as provided in paragraph 1 of this Article within six months from the date of the written application for settlement, the investor may submit at his choice the dispute for settlement to the national courts of the host Contracting Party, or to an ad hoc Arbitral tribunal under the arbitration rules of the UN Commission on International Trade Law (UNCITRAL).

3. Submission of a dispute to arbitration by a Contracting Party shall be subject to the observance of its laws and regulations.

ARTICLE 13
SETTLEMENT OF DISPUTES BETWEEN
THE CONTRACTING PARTIES

1. All disputes arising between the Contracting Parties relating to the interpretation or application of this Agreement shall, in the first place, be settled amicably by consultation. In case of disagreement within six months, either Contracting Party may subject to its laws and regulations, while sending a notice to the other Party, refer the case to an arbitral tribunal of three members consisting of two arbitrators appointed by the Contracting Parties and an umpire.

In case the dispute is referred to the arbitral tribunal, either Contracting Party shall appoint an arbitrator within sixty days from the receipt of the notification and the arbitrators appointed by the Contracting Parties shall appoint the umpire within sixty days from the date of last appointment. If either Contracting Party does not appoint its own arbitrator or the appointed arbitrators do not agree on the appointment of the umpire within the said periods, each Contracting Party may request the President of the International Court of Justice, to appoint the arbitrator of the failing party or the umpire, as the case may be.

However the umpire shall be a national of a state having diplomatic relations with both Contracting Parties at the time of the appointment.



2. In case the umpire is to be appointed by the President of the International Court of Justice, if the President of the International Court of Justice is prevented from carrying out the said function or if he is a national of either Contracting Party, the appointment shall be made by the vice-president of the International Court of Justice, and if the vice-president is also prevented from carrying out the said function or he is a national of either Contracting Party, the appointment shall be made by the senior member of the said court who is not a national of either Contracting Party.

3. Subject to other provisions agreed by the Contracting Parties, the arbitral tribunal shall determine its procedure and the place of arbitration.

4. The decisions of the arbitral tribunal shall be binding on the Contracting Parties.

ARTICLE 14 **VALIDITY OF THE AGREEMENT**

1. This Agreement shall be approved / ratified by the competent authorities of each Contracting Party in accordance with their laws and regulations.

2. This Agreement shall enter into force for a period of ten years after 30 days from the date of the last notification of either Contracting Party to the other Contracting Party that it has fulfilled necessary measures in accordance with its laws fulfilled necessary measures in accordance with its laws and regulations for the entry into force of this Agreement.

After the said period, this Agreement shall remain in force thereafter unless one of the Contracting Parties notifies the other Contracting Party in writing of its unwillingness to continue with it, six months prior to expiration or termination thereof.


3. After the expiration of the validity or termination of this Agreement its provisions shall apply to investments under this Agreement for a further period of ten years.





ARTICLE 15
LANGUAGE AND NUMBER
OF THE TEXTS

This Agreement is done in duplicate in the Arabic, Persian and English languages, all texts being equally authentic. In case of divergence of interpretation the English text shall prevail.

Signed in Tehran.. on Sunday... corresponding to 2nd Dec. 2001 by representatives of the Government of the Sultanate of Oman and the Government of the Islamic Republic of Iran.


**For the
Government of the
Sultanate of Oman**


**For the
Government of the
Islamic Republic of Iran**