

IN THE NAME OF GOD

**AGREEMENT
BETWEEN THE GOVERNMENT OF THE
ISLAMIC REPUBLIC OF IRAN AND THE
GOVERNMENT OF THE REPUBLIC OF
YEMEN ON THE RECIPROCAL PROMOTION
AND PROTECTION OF INVESTMENTS**

The Government of the Islamic Republic of Iran and the Government of the Republic of Yemen (hereinafter referred to as the "Contracting Parties") :

Desiring to intensify economic cooperation between the two countries to the mutual benefit of both states ;

Intending to create and maintain favorable conditions for 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 investments based on the investment laws and regulations in effect in each Contracting Party, and this Agreement, will contribute to stimulating investment ventures, which foster the prosperity of both Contracting Parties,

Hereby agree as follows :

Article 1 . Definitions :

For the purpose of this agreement :

1. The term "investment" shall mean any kind of property or asset invested, after the entry into force of this Agreement by an investor (or investors) of one Contracting Party in the territory of the other Contracting party and admitted by the host

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Contracting Party as "investment" in conformity with its laws and regulations, and certified by investment certificate.

The term "investment" includes in particular, but not exclusively :

- a) Movable and immovable property as well as rights related thereto ;
- b) Shares or any kind of participation in investment projects as well as rights related thereto ;
- c) Credit for sums of money or any service right having an economic value connected with an investment, as well as reinvested returns ;
- d) Commercial trade marks, patents, industrial designs and other intellectual and industrial property rights, know-how, trade secrets, trade names and goodwill which are connected with an investment ;
- e) Any increases in the value of the original investment ;
- f) Rights to search for, extract or exploit natural resources as well as other business rights, given by law, by contract or by decision of the authority in accordance with law.

2. The term "investor" refers with regard to either Contracting Party to :

- (a) natural persons who according to the laws of that Contracting Party are considered to be its nationals ;

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(b) legal entities which are legally established in the territory of that Contracting Party and the majority of its capital is owned by one or more natural persons or legal entities of that party and which have their seats together with their real economic activities in the territory of that Contracting Party regardless of their legal form.

3. The term "returns" means the amounts of money (or the equivalent thereto, in the form of goods or services) legally yielded by an investment, including in particular, though not exclusively, profit, dividends, royalties and fees.

4. The term "Investment Certificate" means a license issued by the competent authorities of one Contracting Party to an investor of the other Contracting Party concerning an investment, indicating that the mentioned investment has been approved as an investment under the laws and regulations of the host party. The Investment Certificate may specify certain conditions under which the investment has been licensed. The competent authorities in the two Contracting Parties for the issuance of the Investment Certificates are :

1. In the Republic of Yemen :
The General Investment Authority

26 Al-Kods St.
Sana'a
Yemen

2. In the Islamic Republic of Iran :
Organization for Investment, Economic and
Technical Assistance of Iran (O.I.E.T.A.I.).

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15th Khordad Squire.
Tehran
Iran

5. The term territory.

As regards the Yemeni side shall mean :
the territory of the Republic of Yeman which comes
under its sovereignty, including islands and territorial
sea and exclusive economic zone , and also the
continental shelf and other maritime areas over which
it has sovereignty and jurisdiction according to
international law.

And as regards the Islamic Republic of Iran shall
mean :

The territory under the sovereignty or jurisdiction of
the Islamic Republic of Iran which also includes its
maritime areas .

Article 2. Promotion of Investments :

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

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

Article 3. Protection of Investments :

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 territories by the
investors of the other Contracting Party, as well as
companies and enterprises in which these investments

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have been effected, shall in no way be subjected to unjustified or discriminatory measures.

Article 4. Certification of Investment :

1. Each Contracting Party shall issue Investment Certificates for the investors of the other Contracting Party in its territory, in accordance with its laws and regulations.

2. When a Contracting Party issues an Investment Certificate for an investment in its territory it shall grant all necessary permits for the proper realization of such an investment.

Article 5. National treatment and the most favored nation :

1. Both Contracting Parties, shall offer investments effected by, and the returns accruing to, the investors of the other contracting party, full legal protection and fair treatment, no less favorable than that accorded to the investments effected by, and returns accruing to, its own nationals, or the investors of third states.

2. If one of the Contracting Parties accords special advantages and privileges to the investors of any third state by virtue of their membership in a customs or economic union, a common market, a free trade area, a regional or sub regional agreement, an international multilateral economic agreement, or under agreements signed in order to prevent double taxation or to facilitate cross border trade, it shall not be obliged to accord such advantages to investors of the other Contracting Party.

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Article 6. Nationalization and Expropriation

1. Investments of the investors of one Contracting Party shall not be expropriated, nationalized or subjected, directly or indirectly, to any other measure of similar effects by the other Contracting Party, except for a public purpose, in a non-discriminatory manner, upon payment of effective and just compensation, and in accordance with due process of law, without undue delay.

2. The just compensation shall be established on the basis of real market values immediately prior to the moment at which the decision to nationalize or expropriate the investment is announced or made public whichever is earlier.

Article 7. Compensation for Damages or Losses

Should an investor of one of the Contracting Parties incur losses or damages on its investment in the territory of the other Contracting Party due to revolution, war, other forms of armed conflict, state of emergency, civil strife, riot, or other similar events, the Contracting Party in which the investment has been effected shall accord to such investor compensation in respect of such losses or damages not less favorable than that accorded to its own investors or to investors of any other country whichever is more favorable.

Article 8. Repatriation and transfer

1. Each Contracting Party shall allow the investors of the other Contracting Party to transfer the following abroad, without undue delay, in convertible currency, and according to the laws and regulations applicable to investments.

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- a) Invested capital including reinvested returns, used to maintain and increase investment ;
- b) The net returns ;
- 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 financial expenses ;
- e) Compensation pursuant to Article 6 and 7 as well as payments arising from a dispute related to an investment.
- f) Remunerations 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 host Contracting Party, in the amount and manner prescribed by its national legislation and regulations in force.

2. Without restricting the scope of Article 5 of this agreement, the Contracting Parties undertake to apply to the transfers mentioned in paragraph 1, of this Article the same favorable treatment that is accorded to investments effected by investors of third state.

Article 9. Transfer Procedures :

The transfers abroad referred to in Article 6 and 8(a,c and e) shall be allowed without undue delay and, at all events, within six months after all financial obligations of the investment, in accordance with the laws and regulations of the host Contracting Party have been met or securities sufficient for meeting such obligations have been provided.

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Article 10. Subrogation

1. If an investment of an investor of one Contracting Party is insured or guaranteed against non-commercial risks by an institution under a system established by law of that Contracting Party, any subrogation of the insurer or the guarantor which stems from the terms of the insurance or guarantee agreement, shall be recognized by the other Contracting Party.

2. Such an insurer or guarantor shall not be entitled to exercise any rights other than the rights which the investor would have been entitled to exercise.

3. Disputes between a Contracting Party and such an insurer or guarantor shall be settled in accordance with the provisions of Article 11 of this Agreement.

Article 11. Settlement of Disputes Between a Contracting Party and an Investor

1. If any dispute arises between a Contracting Party and one or more investors relating to an investment, the Contracting Party and the investor(s) shall in the first place try to settle it by consultation and negotiation.

2. If the Contracting Party and the said investor(s) cannot reach an agreement within six months after written notification for settlement negotiations, the dispute shall be submitted for settlement to one of the following :

a) The host Contracting Party's court having territorial jurisdiction, subject to the consent of the investor ;

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b) An ad hoc arbitration tribunal, in accordance with the arbitration laws of the host Contracting Party subject to the consent of the investor ;

c) An ad hoc arbitral tribunal in accordance with the arbitration regulation of the UN Commission on the International Trade Law (UNCITRAL) ;

d) The International Center 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 the Contracting Parties have acceded to it.

3. The arbitral tribunal referred to in paragraph 2(c) above shall be formed in the following manner :

a) Each of the parties to the dispute shall appoint one arbitrator, and these two arbitrators shall nominate a third arbitrator who shall act as the chairman of the tribunal.

b) Either of the parties to the dispute who initiates arbitration shall appoint its arbitrator in the Request for Arbitration. If the other party to the dispute does not appoint its arbitrator within 60 days from the receipt of the request for arbitration, the said arbitrator shall be appointed upon the request of the Party initiating the arbitration, by the Secretary General of the Permanent Court of Arbitration.

c) If the two arbitrators cannot reach an agreement within 60 days from the appointment of the second arbitrator, about the choice of the chairman, the latter shall be appointed upon request of either of the

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parties to the dispute, by the Secretary General of the Permanent Court of Arbitration.

d) If in the cases specified under paragraph (b) and (c) of this section, the Secretary General of the Permanent Court of Arbitration is a national of one of the Contracting Parties, the appointment shall be made by the most senior member of the Court who is not a national of either of the Contracting Parties.

e) The Chairman of the arbitral tribunal shall always be a national of a third State having diplomatic relations with both Contracting Parties at the time of appointment.

f) The decisions of the tribunal are final and binding upon both parties to the dispute.

Article 12. Settlement of Disputes Between the Contracting Parties

1. If any dispute arises between the Contracting Parties relating to the interpretation or application of this Agreement, the Contracting Parties shall in the first place try to settle it by consultation and negotiation.

2. If the Contracting Parties cannot reach an agreement within twelve months after written notification for the settlement negotiation, the dispute shall, upon request of either Contracting Party, subject to their relevant laws and regulations, be submitted to an arbitral tribunal of three members. Each Contracting Party shall appoint one arbitrator, and these two arbitrators shall nominate the third

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arbitrator who shall act as the chairman of the tribunal. The chairman shall be a national of a third state having diplomatic relations with both Contracting Parties at the time of nomination.

3. The Contracting Party who initiates arbitration shall appoint its arbitrator in the Request for Arbitration. If the other Contracting Party does not appoint its arbitrator within 3 months from receipt of the Request for Arbitration, the said arbitrator shall be appointed, upon request of the Contracting Party who has initiated arbitration, by the President of the International Court of Justice.

4. If the two arbitrators cannot reach an agreement within 60 days from the appointment of the second arbitrator about the choice of the chairman, the latter shall be appointed upon request of either Contracting Party by the President of the International Court of Justice.

5. If, in the cases specified under paragraphs (3) and (4) of this Article, 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 latter is also prevented from performing such function, or is a national of either Contracting Party, then the appointment shall be made by the most senior member of the International Court of Justice who is not national of either Contracting Party.

6. Unless otherwise agreed between the Contracting Parties, the tribunal shall determine its procedure and the place of arbitration.

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

Article 13. Entry into Force

This Agreement shall enter into force and be binding on both contracting parties, on the date of submission of the last instrument of ratification by b Contracting Party to the other Contracting Party.

Article 14. Duration and Termination

1. This Agreement shall remain in force for a period of ten years and shall continue to stay in force for periods of 5 years each thereafter, unless terminated in accordance with paragraph 2 of this Article.

2. Either Contracting Party may, by giving one year prior written notice to the other Contracting Party, terminate this Agreement at the end of the initial ten-year period or at the end of any extension period.


3. With respect to investments made or acquired prior to the date of termination of this Agreement, the provisions of all other Articles of this Agreement shall continue to be effective for a further period of ten years from such date of termination.

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In witness whereof, the undersigned, duly authorized thereto by their respective Governments, have signed this Agreement.

Done in duplicate at Tehran this tenth day of Esfand 1374 (Twenty ninth day of February 1996) in the Persian, Arabic and English languages, all texts being equally authentic. In case of divergence of interpretations the English text shall prevail.


*For the
Government of the
Islamic Republic of Iran*


*For the
Government of
the Republic of Yemen*