

**AGREEMENT
ON PROMOTION AND RECIPROCAL PROTECTION OF INVESTMENT
BETWEEN
THE GOVERNMENT OF THE REPUBLIC OF INDONESIA
AND
THE GOVERNMENT OF THE ISLAMIC REPUBLIC OF IRAN**

The Government of the Republic of Indonesia and the Government of the Islamic Republic of Iran hereinafter referred to as the "Contracting Parties";

DESIRING to intensify economic cooperation to the mutual benefit of both States;

INTENDING to create and maintain favorable conditions for investments of the nationals of the Contracting Parties in each others' territory and;

RECOGNIZING the need to promote and protect investment of the nationals of the Contracting Parties in each other's territory;





HAVE AGREED AS FOLLOWS :

ARTICLE 1
Definitions

For the purposes of this Agreement :

1. The term "investments" 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;
 - b) shares or any kind of participation in companies;
 - c) title to money or to any performance having financial value;
 - d) industrial and intellectual property rights such as patent, industrial designs or models, trade marks and names, know-how and goodwill;
 - e) business rights conferred by law or under contract related to investment, including the rights to search for, extract or exploit natural resources ;

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, have the nationality of that Contracting Party;
 - b) Legal persons of either Contracting Party which are established under the laws of that Contracting Party and their headquarters or their real economic activities are located in the territory of that Contracting Party.

3. The term "returns" refers the amounts legally yielded by an investment including profit derived from investments, dividends, royalties and fees.

4. The term "territory" :
 - a) In respect of the Republic of Indonesia means the territory under the sovereignty of the Republic of Indonesia in accordance with international law.
 - b) In respect of the Islamic Republic of Iran means areas under the sovereignty or jurisdiction of the Islamic Republic of Iran and includes its Maritimes areas;



ARTICLE 2
Promotion of Investments

1. Either Contracting Party shall encourage 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 Contract Party shall admit investments of natural and legal persons of the other Contracting Party in its territory in accordance with its laws and regulations. Investment approval certificate may contain provisions based on conditions of the time of approval.
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
Most-Favoured-Nation Provisions

1. Investment 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 treatment not less favourable than that accorded to investors of any third state who are in a comparable situation.
2. If a Contracting Party has accorded or shall accord in the 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
Application of More Favourable Provisions

1. 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.
2. If the provisions of law of either Contracting Party or bilateral agreements existing at present or established hereafter between the Contracting Parties in addition to the present Agreement contain a regulation whether general or specific, entitling investments by investors of the other Contracting Party to a treatment more favourable than the treatment provided for by the present Agreement, such regulations shall to the extent that is more favourable prevail over the present Agreement.

ARTICLE 6
Expropriation and Compensation

1. Investment of natural and legal persons of either Contracting Party shall not be nationalized, expropriated or subjected to similar measures by the other Contracting Party except such measures are taken under the following conditions :
 - (a) for public purposes, in accordance with due process of law;
 - (b) in a non-discriminatory manner; and
 - (c) upon payment of prompt and effective compensation.
2. The amount of compensation shall be equivalent to the market value of the investment immediately before the action of nationalization or expropriation was taken.

ARTICLE 7
Losses

1. 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 as regards compensation, restitution and indemnification in relation to such losses.
2. The treatment by that Contracting Party shall not be less favourable than that accorded to its own investors or to investors of any third country.

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ARTICLE 8
Repatriation and Transfer

1. Each Contracting Party shall, in accordance with its laws and regulations, permit in good faith the following transfers related to investment 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 the transfer of technology agreement;
 - (d) sums paid pursuant to Article 6 and/or 7 of this Agreement;
 - (e) repayment of loans related to an investment;
 - (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 permit related to that investment;
 - (g) payment arising from a decision of the authority referred to in Article 11.
2. The above transfers shall be effected in a convertible currency and at the current prevailing rate of exchange in accordance with the exchange regulations 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 risks :

- (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 11 of this Agreement.

ARTICLE 10
Applicability of the Agreement

1. This Agreement shall apply to investments of investors of either Contracting Party in the territory of the other Contracting Party admitted/approved in accordance with the respective laws and regulations of the host Contracting Party. The respective law :



In respect of the Republic of Indonesia is the Law No. 1 of 1967 concerning Foreign Investment and any law amending or replacing it.

In respect of the Islamic Republic of Iran is the Foreign Investment Promotion and Protection Act of 2002 or any law amending or replacing it.

2. This Agreement shall also apply to investments made before the date of entry into force of this Agreement, but the provisions of this Agreement shall not apply to any dispute, claim or difference arose before its entry into force.

ARTICLE 11
Settlement of Disputes Between
A Contracting Party and Investor(S) of the Other Contracting Party

1. If any dispute arises between the host Contracting Party and investor(s) of the other Contracting Party with respect to an investment, the host Contracting Party and the investor(s) shall primarily endeavor to settle the dispute in an amicable manner through negotiation and consultation.
2. In the event that the host Contracting Party and the investor (s) can not agree within six months from the date of notification of the claim by one party to the other, the dispute shall, at the request of the investor be submitted to :
 - (a) the competent court of the Contracting Party concerned; or
 - (b) the International Centre for Settlement of Investment Dispute (ICSID) set up by the Convention On The Settlement Of Investment Disputes between States and Nationals of other States opened for signature at Washington DC on 18 March 1965, if both Contracting Parties have acceded to that Convention.
 - (c) an ad hoc arbitral tribunal established under the arbitration Rules of the United Nation Commission on International Trade Law (UNCITRAL); or
 - (d) other ad hoc or institutional procedures established under any arbitration tribunals as mutually agreed by both parties.
3. The award shall be final and binding on the both Parties to the disputes.

ARTICLE 12
Settlement of Disputes Between the Contracting Parties

1. Disputes between the Contracting Parties concerning the interpretation or application of this Agreement should, if possible, be settled through diplomatic channels.





2. If dispute between the Contracting Parties can not thus be settled, it shall upon the request of either Contracting Party be submitted to an arbitral tribunal.
3. Such an arbitral tribunal shall be constituted for each individual case in the following way. Within two months of receipt of the request for arbitration, each Contracting Party shall appoint one member of the Tribunal. Those two members shall then select a national of a third State whom on approval by the Contracting Parties shall be appointed chairman of the tribunal. The Chairman shall be appointed within two months from the date of appointment of the other two members.
4. If within the period specified in paragraph 3 of this Article the necessary appointments have not been made, either Contracting Party may, in the absence of any other Agreement, invite the President of the international Court of Justice to make any necessary appointment. 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 necessary appointment. . If the Vice President is a national of either Contracting Party or if he is also prevented from discharging the function, the member of the International Court of Justice next in seniority that is not a national of either Contracting Party shall be invited to make the necessary appointment. However, the Chairman of Arbitral Tribunal shall be national of a state having diplomatic relations with both Contracting Parties.
5. The arbitral tribunal shall reach its decision by a majority of votes. Such decision shall be binding on both Contracting Parties. Each Contracting Party shall bear the cost of its own members of the Tribunal and its representation in the arbitral proceedings; the cost of the Chairman and the remaining costs shall be borne in equal parts by the Contracting Parties. The Tribunal may, however, in its decision direct that a higher proportion of costs shall be borne by one of the two Contracting Parties, and its award shall be binding on both Contracting Parties. The Tribunal shall determine its own procedure.

ARTICLE 13
Consultation and Amendment

1. Either Contracting Party may request that consultation be held on any matter concerning this Agreement. The other Party shall accord sympathetic consideration to the proposal and shall afford opportunity for such consultation.
2. This Agreement may be amended at any time, if deemed necessary, by mutual consent of both Contracting Parties. The entry into force of this amendment shall be in accordance with the provision of Article 14 (1) of this Agreement.

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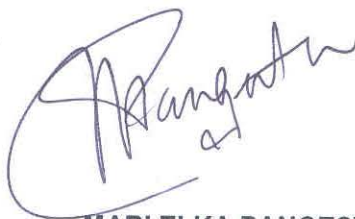
ARTICLE 14
Entry Into Force, Duration and Termination

1. 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 and regulations for the entry into force of this Agreement.
2. 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 the expiration or termination thereof.
3. After the expiration of the validity or termination of this Agreement its provisions shall continue to apply to investments under this Agreement for a further period of ten years.

IN WITNESS WHEREOF, the undersigned, duly authorized by their respective Governments, have signed the present Agreement.

DONE at Tehran on 22 June 2005 corresponding to 1 Tir 1384 in two originals, each in the Indonesian, Persian and English languages, all texts being equally authentic. If there is any divergence concerning the interpretation of this Agreement, the English text shall prevail.

**FOR THE GOVERNMENT OF THE
REPUBLIC OF INDONESIA**



MARI ELKA PANGESTU
Minister of Trade

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



SEYED AHMAD MOTAMEDI
Minister of Communication and
Information Technology

