

IN THE NAME OF GOD

AGREEMENT
ON RECIPROCAL PROMOTION AND
PROTECTION OF INVESTMENTS

BETWEEN

THE GOVERNMENT OF
THE ISLAMIC REPUBLIC OF IRAN

AND

THE GOVERNMENT OF
THE KINGDOM OF THAILAND

PREAMBLE

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

Desiring to intensify economic cooperation to the 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 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 ;
- (b) shares or any kind of participation in companies ;

- (c) rights to money or to any performance under contract having economic value ;
- (d) industrial and intellectual property rights such as patent, utility models, industrial designs or models, trade marks and names, know-how and goodwill ;
- (e) rights to engage in economic activities conferred by law and by virtue of a contract including rights to search for, extract or exploit natural resources.

Any alteration of the form in which assets are invested shall not affect their character as investment, provided that such alteration has also been approved by the competent authority referred to in Article 10.

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 its national and have not the nationality of the host Contracting Party.
- (b) legal persons of either Contracting Party which are established under the laws of that Contracting Party and more than 50% of their shares belong, directly or indirectly, to the natural persons of the said Contracting Party.

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

4. The term "freely convertible currency" refers to currencies that the International Monetary Fund determines, from time to time, that i) is, in fact, widely used to make payments for international

transactions, and ii) is widely traded in the principal exchange markets.

5. The term "territory":

(a) in case of the Islamic Republic of Iran means areas under the sovereignty or jurisdiction of the Islamic Republic of Iran, and includes its maritime areas;

(b) in case of the Kingdom of Thailand means the territory as defined in its laws, and part of the continental shelf and adjacent seas over which it has sovereignty, sovereign rights or jurisdiction in accordance with international law.

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 Contracting Party shall admit investments of investors 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 investors of either Contracting Party effected within the territory of the other Contracting Party, shall receive the host Contracting Party's full legal protection and security, within the framework of this agreement, as well as fair and equitable 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 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
EXPROPRIATION AND COMPENSATION

1. Investments of investors of either Contracting Party shall not be nationalized, confiscated, expropriated or subjected to similar measures by the other Contracting Party except such measures are taken for public purposes, in accordance with due process of law, in a non-discriminatory manner, and upon payment of prompt, effective and just compensation.
2. The amount of compensation shall be equivalent to the value of the investment immediately before the action of nationalization, confiscation or expropriation was taken or became publically known, whichever is the earlier.

3. The investors affected shall have the right to prompt review under due process of law of the Contracting Party making expropriation.

ARTICLE 6 LOSSES

Investors of either Contracting Party whose investments suffer losses due to war, 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 the most favourable treatment as regards compensation, restitution, and indemnification in relation to such losses.

ARTICLE 7 REPATRIATION AND TRANSFER

1. Each Contracting Party shall, in accordance with the procedures stated by its legislation, 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 5 and /or 6 of this Agreement ;

- (e) loan installments related to an investment provided that they are paid out of such investment activities ;
 - (f) 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 investments ;
 - (g) payments arising from a decision of the authority referred to in Article 11.
2. The above transfers shall be effected in a freely convertible currency and at the current rate of exchange in accordance with the exchange regulations prevailing on the date of transfer.
3. The investor and the host Contracting Party may agree otherwise on the mechanism of repatriation or transfers referred to in this Article.

ARTICLE 8 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 9
OBSERVANCE OF COMMITMENTS

Either Contracting Party shall guarantee the observance of the commitments it has entered into through this Agreement with respect to investments of investors of the other Contracting Party.

ARTICLE 10
SCOPE OF THE AGREEMENT

This Agreement shall apply to investments approved by the competent authority of the host Contracting Party prior or after entry into force of this Agreement, but the provisions of this Agreement shall not apply to any dispute, claim or difference which arose before its entry into force.

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

The competent authority in the Kingdom of Thailand is the "Ministry of Foreign Affairs".

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 endeavour 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, either of them may refer the dispute to the competent courts of the host Contracting Party or in accordance with their respective laws and regulations to an arbitral tribunal of three members referred to in paragraph 5 below.
3. A dispute primarily referred to the competent courts of the host Contracting Party, as long as it is pending, cannot be referred to arbitration save with the parties agreement; and in the event that a final judgment is rendered, it cannot be referred to arbitration.
4. National courts shall not have jurisdiction over any dispute referred to arbitration. However, the provisions of this paragraph do not bar the winning party to seek for the enforcement of the arbitral award before national courts.
5. The host Contracting Party or the investor(s) of the other Contracting Party who desires to refer the dispute to the arbitration shall appoint an arbitrator through a written notice sent to the other Party. The other Party shall appoint an arbitrator within sixty days from the date of receipt of the said notice and the appointed arbitrators shall within sixty days from the date of the last appointment, appoint the chairman. In the event that each party fails to appoint its arbitrator within the mentioned period and/or the appointed arbitrators fail to agree on the chairman, each of the parties may request the Secretary General of the Permanent Court of Arbitration to appoint the failing party's arbitrator or the chairman, as the case may be. However the chairman shall be appointed from amongst nationals of a state having diplomatic relations with both Contracting Parties, at the time of appointment.

6. The arbitration shall be conducted according to the United Nations Commission on International Trade Law (UNCITRAL) rules.

**ARTICLE 12
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, either Contracting Party may, in accordance with their respective 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 a chairman.

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 chairman 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 chairman 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 chairman, as the case may be.

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

2. In case the chairman 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. Each Contracting Party shall bear the costs of its own member of the tribunal or its representation in the arbitral proceedings; the cost of the chairman and remaining costs shall be borne by the Contracting Parties in equal parts. However, the tribunal may decide different proportions of costs to be borne by the two Contracting Parties.
4. Subject to other provisions agreed by the Contracting Parties, the arbitral tribunal shall determine its procedure and the place of arbitration.
5. The decisions of the arbitral tribunal shall be binding on the Contracting Parties.

ARTICLE 13

VALIDITY OF THE AGREEMENT

1. This Agreement shall be approved / ratified in accordance with their laws and regulations by the competent authorities of each Contracting Party.
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 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 the 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 14
LANGUAGE AND NUMBER
OF THE TEXTS

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

Signed in on corresponding to by representatives of the Government of the Islamic Republic of Iran and the Government of the Kingdom of Thailand.

For the

**Government of the
Islamic Republic of Iran**

For the

**Government of the
Kingdom of Thailand**