

PREAMBLE

The Government of the Republic of Macedonia 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 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 investors of the Contracting Parties in each others' territory and ;

Recognizing the need to promote and protect investments of the investors 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 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:
 - (a) movable and immovable property as well as rights related thereto such as mortgages, pledges, liens and other similar rights ;
 - (b) shares in, stocks of or any other kind of participation in companies ;
 - (c) title to money or to any performance having an economic value connected with an investment ;
 - (d) industrial and intellectual property rights such as patent; copyrights; industrial designs or models, trade marks and names, know-how and goodwill
 - (e) any rights conferred by law 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 on condition that this alteration is approved in accordance with the laws and regulations of the Contracting Party in the territory of which the investment has been made.

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 other 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" means amounts yielded by an investment and in particular, profits, interests, dividends, royalties, fees and capital gains.
4. The term "territory" shall mean:
 - a) in the case of the Republic of Macedonia, territory of the Republic of Macedonia including land, water and airspace over which Republic of Macedonia exercises, in accordance with international law sovereign rights or jurisdiction.
 - b) in the case of the Islamic Republic of Iran, areas under the sovereignty or jurisdiction of the Islamic Republic of Iran including its maritime areas.

ARTICLE 2 PROMOTION AND ADMISSION OF INVESTMENTS

1. Each Contracting Party shall promote in its territory, investments by investors of the other Contracting Party and admit such investments in accordance with its laws and regulations.
2. When an investment is admitted, either Contracting Party shall, in accordance with its laws and regulation, grant all necessary permits for the realization of such an investment.

ARTICLE 3 PROTECTION OF INVESTMENTS

1. Investments of investors of either Contracting Party effected within the territory of the other Contracting Party, shall receive the other Contracting Party's full legal protection and fair treatment not less favorable than that accorded to its own investors or to investors of any third State whichever is more favorable.
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 4
MORE FAVORABLE PROVISIONS**

Notwithstanding the terms set forth in this Agreement, more favorable 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 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 and effective compensation.
2. The amount of compensation shall be equivalent to the market value of the investment immediately before the action of nationalization, confiscation or expropriation was taken, or become public knowledge. In case of delay in the payment of compensation, financial costs for the delayed period shall be borne by the Expropriating Party in accordance with international practice.

**ARTICLE 6
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 favorable than that accorded to its own investors or to investors of any third state.

**ARTICLE 7
TRANSFERS**

1. Each Contracting Party shall, in accordance with its laws and regulations, 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) sums paid pursuant to Articles 5 and /or 6 of this Agreement;

- d) loan installments related to an investment provided that they are paid out of such investment activities ;
 - e) 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 investments ;
 - f) payments arising from a decision of the authority referred to in Article 10 .
2. The above transfers shall be effected in a convertible currency and at the current rate of exchange in accordance with the exchange regulations prevailing on the date of transfer.

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 10 of this Agreement.

ARTICLE 9 SCOPE OF APPLICATION OF THE AGREEMENT

This Agreement shall apply to investments which are approved by the competent authority of the Contracting Party, in whose territory the investment is made, if so required by its laws and regulations, whether such investments are made before or after entry into force of this Agreement, but shall not apply to any dispute or claim concerning an investment which arose before its entry into force .

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

ARTICLE 10
SETTLEMENT OF DISPUTES BETWEEN A
CONTRACTING PARTY AND INVESTOR(S) OF THE
OTHER CONTRACTING PARTY

1. If any dispute arises between one Contracting Party and investor(s) of the other Contracting Party with respect to an investment, the 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 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 Contracting Party in whose territory the investment is made, or to an arbitral tribunal in accordance with the arbitration rules of Procedure of the United Nations Commission on International Trade Law (UNCITRAL).
3. The decision of the arbitral tribunal shall be binding on the Parties to the dispute.

ARTICLE 11
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, while sending a notice to the other Party, refers 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.

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. 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 12 VALIDITY OF THE AGREEMENT

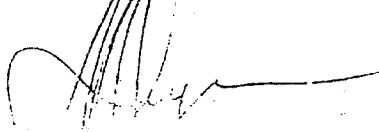
1. This Agreement shall be ratified by the competent authorities of each Contracting Party in accordance with their laws and regulations.
2. This Agreement shall enter into force for a period of ten years after 30 days from the date of the last notification of either Contracting Party to the other Contracting Party that it has fulfilled necessary measures in accordance with its laws 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, twelve (12) 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 13 LANGUAGE AND NUMBER OF THE TEXTS

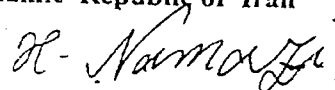
This Agreement is done in two original versions in Macedonian, Persian, and English languages, all texts being equally authentic. In case of divergence of interpretation the English text shall prevail.

Signed in Skopje on *12.07.2001* corresponding to *13.11.1382* by representatives of the Government of the Republic of Macedonia and the Government of the Islamic Republic of Iran and the

For the
Government of the
Republic of Macedonia



For the
Government of the
Islamic Republic of Iran



Член 3

Овој закон влегува во сила осмиот ден од денот на објавувањето во "Службен весник на Република Македонија"