



AGREEMENT  
BETWEEN  
THE GOVERNMENT OF THE UNITED ARAB EMIRATES  
AND  
THE GOVERNMENT OF THE ITALIAN REPUBLIC  
FOR  
THE PROMOTION AND PROTECTION OF INVESTMENTS



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ARTICLE 1  
Definitions

For the purposes of this Agreement:-

- (1) The term 'investment' shall comprise every kind of asset invested by the Government or by a natural or legal person of one Contracting State in the territory of the other Contracting State in accordance with the laws, regulations and administrative practices of that State. Without restricting the generality of the foregoing the term 'investment' shall include :
- (a) movable and immovable property as well as any other property rights in rem such as mortgages, liens, pledges, usufruct and similar rights;
  - (b) shares, stocks and debentures of companies or other rights or interests in such companies, loans and bonds issued by a Contracting State or any of its natural or legal person and returns retained for the purpose of re-investments;
  - (c) claims to money or to any performance having economic value associated with an investment;
  - (d) copyrights, trademarks, patents, industrial designs and other industrial property rights, know-how, trade secrets, trade names and goodwill;
  - (e) any rights of financial nature conferred by law or contract and any licences and permits pursuant to law, including the rights to search for extraction and exploitation of natural resources.



**AGREEMENT BETWEEN THE GOVERNMENT OF THE ITALIAN REPUBLIC AND  
THE GOVERNMENT OF THE UNITED ARAB EMIRATES FOR THE PROMOTION  
AND PROTECTION OF INVESTMENTS.**

The Government of the Italian Republic and the Government of the United Arab Emirates (hereinafter collectively referred to as the "Contracting States and each referred to as a Contracting State");

Desiring to create favourable conditions for greater economic co-operation between the two countries and in particular for investments by investors of one Contracting State in the territory of the other Contracting State;

Recognizing that the encouragement and reciprocal protection under international agreements of such investments will be conducive to the stimulation of business initiative and will increase prosperity in both Contracting States.

Have agreed as follows :-



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Any alteration of the form in which assets are invested shall not affect their classification as investments, provided that such alteration is not contrary to the admission, if any, granted in respect of the assets originally invested ;

- (2) The term 'investor' shall mean the Government of a Contracting State or any of its natural or legal person who invest in the territory of the other Contracting State ;
- (3) The 'natural person' shall mean with respect to either Contracting State a natural person holding the nationality of that State in accordance with its laws ;
- (4) The term 'legal person' shall mean with respect to either Contracting State, any entity established in accordance with, and recognized as legal person by the law of the State, such as public and private companies, corporations, business associations, authorities, partnerships, foundations, firms, institutions, establishments, agencies, development funds, enterprises, cooperatives, and organizations or other similar entities irrespective of whether their liabilities are limited or otherwise; and any entity established outside the jurisdiction of a Contracting State as a legal person and in which such State or any of its nationals or any legal person established within its jurisdiction has a predominating interest ;



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- (5) The term 'income' shall mean amounts yielded by an investment and in particular, though not exclusively, includes profits, interests, capital gains, share dividends, royalties or fees, and any payments in kind including reinvestment income.
- (6) The term 'territory' shall be construed to mean, in addition to the zones contained within the land boundaries, the maritime zones. The latter also comprise the marine and submarine zones over which the Contracting parties exercise sovereignty, or exercise sovereign or jurisdictional rights, under international law.
- (7) 'Associated activities' include the organization, control, operation, maintenance and disposition of legal persons, branches, agencies, offices, factories or other facilities for the conduct of business; making, performance and enforcement of contracts; the acquisition, use, protection and disposition of property of all kinds, including intellectual and industrial property rights; and the borrowing of funds, the purchase and issuance of equity shares and the purchase of foreign exchange for imports ;
- (8) The term 'freely usable currency' means any convertible currencies widely used, to make payments for international transactions and for which there are ready buyers in the principal exchange markets.



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## ARTICLE 2

### Promotion And Protection Of Investments

- (1) Each Contracting State shall encourage and create favourable conditions for investors of the other Contracting State to make investments in its territory and, in exercise of powers conferred by its laws, regulations and administrative practices, shall admit such investments and activities associated therewith.
- (2) Once established, investments shall at all times enjoy full protection and security, in a manner consistent with international law.
- (3) Each Contracting State shall at all times ensure fair and equitable treatment to the investments of investors of the other Contracting State. Each Contracting State shall ensure that the management, maintenance, use, enjoyment, transformation, cessation and liquidation, acquisition or disposal of investments or rights related to investment and its associated activities in its territory of investors of the other Contracting State shall not in any way be subjected to or impaired by arbitrary, unreasonable or discriminatory measures .
- (4) (i) Each Contracting State shall endeavour to take the necessary measures and legislation for granting of appropriate facilities, incentives and other forms of encouragement for investments made by investors of the other Contracting State .



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- (ii) Investors of either Contracting State shall be entitled to apply to the competent authorities in the host State for the appropriate facilities, incentives and other forms of encouragement and the host State shall grant them all assistance, consents, approvals, licences and authorizations to such an extent and on such terms and conditions as shall, from time to time, be determined by the laws and regulations of the host State.
- (5) With respect to its tax policies, each Contracting State should strive to accord fairness and equity in the treatment of investment of investors of the other Contracting State.
- (6) The Contracting States shall periodically consult between themselves concerning investment opportunities within the territory of each other in various sectors of the economy to determine where investments from one Contracting State into the other may be most beneficial in the interest of both Contracting States.
- (7) To attain the objectives of this Agreement, the Contracting States shall encourage and facilitate the formation and establishment of the appropriate joint legal entities between the investors of the Contracting States to establish, develop and execute investment projects in different economic sectors in accordance with the laws and regulations of the host State.



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- (2) Each Contracting State shall in its territory accord investors of the other Contracting State, as regards management, maintenance, use, enjoyment, acquisition or disposal of their investments, or any other activity associated therewith, treatment not less favourable than that which it accords to its own investors or to investors of any third State whichever is the most favourable.

#### ARTICLE 4

##### Exception

The provisions of this Agreement relating to the granting of treatment not less favourable than that accorded to its own investors or the investors of any third State shall not be construed so as to oblige one Contracting State to extend to the investors of the other the benefit of any treatment, preference or privilege resulting from:-

- (1) any existing or future customs union, an economic union or free trade area or a common external tariff area or a monetary union or similar international agreement or other forms of regional or sub-regional cooperation arrangement to which either of the Contracting States is or may become a party; or
- (2) the adoption of an agreement designed to lead to the formation or extension of such a union or area within a reasonable length of time; or





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- (3) any international or regional or sub-regional agreement or other arrangement relating wholly or mainly to taxation or movement of capital or domestic legislation relating wholly or mainly to taxation.
- (4) or an Agreement with the Contracting State with another State relating to crossborder trade and to prevent double taxation.

#### ARTICLE 5

##### Compensation for Damage or Loss

- (1) Investors of one Contracting State whose investments in the territory of the other Contracting State suffer losses owing to war or other armed conflict, revolution, a state of national emergency, revolt, insurrection or riot or other similar events in the territory of the latter Contracting State shall be accorded by the latter Contracting State treatment, as regards restitution, indemnification, compensation or other settlement, not less favourable than that which the latter Contracting State accords to its own investors or to investors of any third State whichever is the most favourable.
- (2) Without prejudice to Paragraph (1) of this Article, investors of one Contracting State who in any of the events referred to in that paragraph suffer damage or loss in the territory of the other Contracting State resulting from:



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- (a) requisition of their investment or property by its forces or authorities,
- (b) destruction of their investment or property by its forces or authorities which was not caused in combat action or was not required by the necessity of the situation.

shall be accorded prompt and adequate compensation for the damage or loss sustained during the period of requisitioning or as a result of the destruction of the property. Resulting payments shall be in freely usable currency and freely transferable without undue delay.

#### ARTICLE 6

##### Nationalization or Expropriation

- (1) (a) Investments of either Contracting State or its natural or legal persons shall not be subject to sequestration, confiscation or any similar measures which might limit permanently or temporarily the joint right of ownership, possession, control, or enjoyment save when specifically provided by law or by judgment of a competent court issued in accordance with laws in force;



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(2) Investments of natural or legal person of either Contracting State shall not be directly or indirectly nationalized, frozen, expropriated or subjected to measures having effect equivalent to nationalization or expropriation in the territory of the other Contracting State including the levying of taxes, the compulsory sale of all or part of an investment or the impairment or deprivation of its management or control.

All such actions referred to as expropriation unless the expropriation:

- (a) is done for public purpose or national interest.
- (b) is accomplished under due procedures of law and not discriminatory.
- (c) does not violate any specific provision or contractuality stability or expropriation contains in an investment Agreement between the natural or legal person and the party making the expropriation.
- (d) it is done in accordance with and from a competent legal quarters.
- (e) that the investor is given the right to prompt review by the expropriated legal or administrative bodies of the other Contracting State to determine whether the expropriation is occurred and it is confirmed to the principle of the national law.
- (f) the investor shall have the right to contest against the expropriation and any such prevented measures to the competent court of the other Contracting State that take such measures.



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- (g) is accompanied by a prompt, adequate and effective compensation.
- (3) The adequate compensation shall be calculated on the basis of the real market value of the investment immediately prior to the moment in which the decision to nationalize or expropriate is announced or made public and shall be calculated in accordance with evaluation principles that are acknowledged to provide the market value according to internationally acknowledged evaluation standards. Whenever there are difficulties in ascertaining the market value the compensation shall be calculated on the basis of the value that typify the company's activities. Compensation shall include interest calculated on a six - month LIBOR basis accruing from the date of nationalization or expropriation to the date of payment. In the event of failure to reach an Agreement between the investor and the Contracting State having liability, the amount of such compensation shall be calculated following the settlement of dispute procedures provided by Article 9 of this Agreement. Once the compensation has been determined shall be paid promptly and authorization for its reparation in convertible currency issued. currency issued.



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- (4) Where a Contracting State nationalizes or expropriates the investment of a legal person which is established or licenced under the the law in force in its territory and in which the other Contracting State or any of its investors owns shares, stocks, debentures or other rights of interest, it shll insure that prompt, adequate and effective compensation is received and allowed to be repatriated. Such comensation shall be determined and paid in accordance with the provisions of this Article.
- (5) The provisions of this Article shall also apply to income from an investment as will as, in the event of liquidation, to the proceeds from the liquidation.
- (6) Should measures indicated on this Article not be stated as enforceable within the terms fixed by the relevant laws or regulations or whenever the said measures have been acknowledged, by the competent Authorities, to be no more consistent with public purposes or national interests, the concerned investor shall at its request be allowed to apply for the recovery of the property or possession of the affected investments.



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#### ARTICLE 7

#### Repatriation of Capital and Income

- (1) Each Contracting State shall guarantee without undue delay and after the performance of all fiscal obligation including income tax the transfer out of its territory in any freely usable currency of :-
- (a) the net income, dividends, royalties, technical assistance and technical service fees, interests and other income, accruing from any investment by an investor of the other Contracting State;
  - (b) the proceeds accruing from the sale, total or partial liquidation of any investment made by an investor of the other Contracting State;
  - (c) funds in repayment of borrowings;
  - (d) the remuneration and allowances paid to natural persons of the other Contracting State who are allowed to work in connection with an investment in its territory;
  - (e) Capital spent for the management of investment and capital depreciation which includes additional funds for the maintenance of the investment.



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- (2) Without restricting the generality of Article 3 of this Agreement the Contracting States undertake to accord to transfers referred to in Paragraph (1) of this Article a treatment as favourable as that accorded to transfers originating from investments made by investors of any third State.
- (3) The transfer refer to in Articles 5,6,7, and 8 shall be effective without undue delay.the exchange rates applicable to such transfers in paragraph (1) of this Article shall be the rate of exchange prevailing at the time of remittance.

**ARTICLE 8**  
**Subrogation**

- (1) In the event that one Contracting State has provided a guarantee in respect of non - commercial risks for the investment effected by one of its investors in the territory of the other Contracting State, and has effected payment to said investor on the basis of that guarantee,the other Contracting State shall recognize the assignment of the rights of the investor to the first -named Contracting State, whose right of subrogation shall not exceed the original right of the investor. In relation to the transfer of payments to the Contracting State by virtue of this assignment, the provisions of Articles 5, 6 and 7 shall apply.



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- (2) This Article shall, notwithstanding the provision of Article 1 of this Agreement, apply only to investments made after the entry into force of this Agreement, where the investment has been registered if necessary with the competent authorities of the Contracting State in whose territory it is made.

#### ARTICLE 9

##### Settlement of Investment Disputes

- (1) All kinds of disputes or differences, including disputes over the amount of compensation for expropriation, requisition, nationalization or similar measures, between the Contracting State and an investor of the other Contracting State concerning an investment of that investor in the territory and maritime zones of the former Contracting State shall, if possible, be settled amicably.
- (2) If such disputes or differences cannot be settled according to the provisions of paragraph (1) of this Article within six months from the date of a written request for settlement, the investor concerned may submit the dispute to:
- (a) The competent court of the Contracting State having territorial jurisdiction for decision;. or
  - (b) The Arbitral Tribunal according to the provisions provided in the protocol.





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(c) the "International Center for the Settlement of Investment Disputes", for the application of the arbitration procedures provided by the Washington Convention of 18th March 1965 on the "Settlement of Investment Disputes between States and Nationals of other States".

- (3) Neither Contracting State shall pursue through diplomatic channels any matter referred to arbitration until the proceedings have been exhausted and a Contracting State has failed to abide by or to comply with the award rendered by the Arbitral Tribunal within the term prescribed by the judgement pursuant to internal laws.

**ARTICLE 10**  
**Settlement of Disputes between Contracting States**

- (1) Disputes between the Contracting States concerning the interpretation and application of this Agreement shall be settled, as far as possible, amicably by both States through diplomatic channels
- (2) If the dispute cannot be so settled within three months from the date on which either Contracting State, informs in writing the other Contracting State, they shall, upon the request of either Contracting State, be submitted to an ad hoc arbitral tribunal in accordance with the provisions of this Article.



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- (3) The Arbitral Tribunal shall be constituted in the following way: within two months of the receipt of the request for arbitration, each Contracting State shall appoint one member of the tribunal. The two members shall then select a national of a third State having diplomatic relations with both Contracting States who shall act as Chairman (hereafter referred to as the Chairman).

The Chairman shall be appointed within three months from the date of appointment of the other two members.

- (4) If within the period specified in Paragraph (3) of this Article either State shall not have appointed its arbitrator or the two arbitrators shall not have agreed on the Chairman, a request may be made to the President of the International Court of Justice to make the appointment. If he happens to be a national of either Contracting State or if he is otherwise prevented from discharging the said function, the Vice-President shall be invited to make the appointment. If the Vice-President also happens to be a national of either Contracting State or is prevented from discharging the said function, the member of the International Court of Justice next in seniority who is not a national of either Contracting State shall be invited to make the appointment.



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- (5) The Arbitration Tribunal shall reach its decision by a majority of votes. Such decision shall be binding. Each Contracting State shall bear the costs of its own arbitrator and its counsel in the arbitral proceedings; the cost of the President and the remaining costs shall be borne in equal parts by both Contracting States. The arbitral tribunal shall determine its own procedures.

#### ARTICLE 11

##### Application to Investments

This Agreement shall apply to investments made in the territory of either Contracting State in accordance with its legislation or rules or regulations by investors of the other Contracting State prior to as well as after the entry into force of this Agreement.

#### ARTICLE 12

##### Relation between Governments

The provisions of this Agreement shall apply irrespective of the existence of diplomatic or consular relations between the Contracting States.



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### ARTICLE 13

#### Application of Other Rules and Special Commitments

- (1) Where a matter is governed simultaneously both by this Agreement and by other agreements to which both the Contracting States are parties or general principles of law commonly recognized by both Contracting States or domestic law of the host State, nothing in this Agreement shall prevent either Contracting State or any of its investors who own investments in the territory of the other Contracting State from taking advantage of whichever rules are the more favourable to their cases.
- (2) Investments subject to special contracts or commitments undertaken by one Contracting State with respect to the investors of the other Contracting State shall be governed, notwithstanding the provisions of this Agreement, by the terms of those contracts and commitments insofar as their provisions are more favourable than those provided by this Agreement.
- (3) Each Contracting State shall observe any obligation deriving from this Agreement in accordance with its domestic laws.



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#### ARTICLE 14

##### Entry into Force

This Agreement shall become effective as from the moment in which the two Contracting State will notify each other their respective constitutional procedures have been completed.

#### ARTICLE 15

##### Duration and Termination

- (1) This Agreement shall remain in force for a period of ten (10) years and shall continue in force thereafter for similar period or periods unless, one year before the expiry of the initial period or any subsequent period, either Contracting State notifies the other in writing of its intention to terminate this Agreement. The notice of termination shall become effective one year after it has been received by the other Contracting State.
- (2) In respect of investments made prior to the date when the notice of termination of this Agreement becomes effective, the provisions of this Agreement shall continue to be effective for a period of five (5) years from the date of termination of this Agreement .

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



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Done in duplicate at .Abu Dhabi. this Sunday. 22nd of Jan 1995. corresponding to 21st Saaban 1415 Higria in the Italian English ,and Arabic languages, all texts being equally authentic . In case of divergency, the English text shall prevail .

FOR THE GOVERNMENT OF  
THE UNITED ARAB EMIRATES

FOR THE GOVERNMENT OF  
THE ITALIAN REPUBLIC

A handwritten signature in black ink, consisting of stylized Arabic letters, enclosed within a hand-drawn oval.

~~AHMED HUMAID AL TAYER~~  
Minister of State  
For Finance and Industry

A handwritten signature in black ink, written in a cursive style, consisting of the name 'Giovanni Ferrero'.

GIOVANNI FERRERO  
Ambassador of Italy



## PROTOCOL

On signing the Agreement between the Government of the Italian Republic and the Government of the United Arab Emirates the Promotion of Investments, The Contracting States also agreed to the following clauses which shall be deemed to form an integral part of the Agreement.

1. In reference to Article 3:

Both Contracting States shall regulate, according to their legislation, regulations the procedures relating to entry, residence work and travel within their respective territories required by nationals of the other Contracting State and members of their families engaged in activities connected with investments in the spirit of this Agreement.

2. In reference to Article 9:

In relation to arbitration, under Article 9 it be conducted in accordance with Arbitration Standards of the United Nations Commission on International Trade Law (UNCITRAL), pursuant to Resolution 31'98 of 15th December 1976 adopted by the United Nations General Assembly, and with the following provisions:



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- (a) There shall be three Arbitrators, and if they are not nationals of the Contracting States they shall be nationals of States which have diplomatic relations with both Contracting States.

For arbitrators to be appointed pursuant to the provisions of the UNCITRAL Rules, the President of the Institute of Arbitration of the Stockholm Chamber of Commerce shall be the "Appointing Authority". The arbitration will be held in Stockholm, except other arrangement between the involved Contracting Parties.

- (b) The acknowledgement and the enforcement of the decision of the Arbitration Tribunal in the territories of the Contracting Parties shall be governed by their respective national in accordance with the relevant International Conventions to which they are parties.





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Done in duplicate at Abu Dhabi this Sunday 22nd of Jan 1995, corresponding to 21st Shaaban 1415 Higria in the Italian, English, and Arabic languages, all texts being equally authentic. In case of divergency, the English text shall prevail.

FOR THE GOVERNMENT OF  
THE UNITED ARAB EMIRATES

FOR THE GOVERNMENT OF  
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Ambassador of Italy