

**No. 4724**

---

**INDIA  
and  
IRAN**

**Treaty of Commerce and Navigation (with exchange of letters). Signed at Tehran, on 15 December 1954**

*Official texts: Hindi, Persian and English.*

*Registered by India on 21 April 1959.*

---

**INDE  
et  
IRAN**

**Traité de commerce et de navigation (avec échange de lettres). Signé à Téhéran, le 15 décembre 1954**

*Textes officiels hindoustani, persan et anglais.*

*Enregistré par l'Inde le 21 avril 1959.*

No. 4724. TREATY OF COMMERCE AND NAVIGATION<sup>1</sup>  
BETWEEN THE IMPERIAL GOVERNMENT OF IRAN  
AND THE GOVERNMENT OF INDIA. SIGNED AT  
TEHRAN, ON 15 DECEMBER 1954

---

PREAMBLE

His Imperial Majesty the Shahanshah of Iran and the President of India being desirous of facilitating and furthering commerce and navigation between their respective countries, have resolved to conclude a Treaty of Commerce and Navigation and have appointed their plenipotentiaries for this purpose as follows :

His Imperial Majesty the Shahanshah of Iran :

His Excellency Mr. Abdullah Entezam.

The President of India :

His Excellency Dr. Tara Chand.

who, having exhibited and exchanged their full powers in good and due form, have agreed as follows :

*Article 1*

Subject to reciprocal treatment, the nationals of either contracting party may freely enter the territory of the other party and, in conformity with laws and regulations in force therein, engage in and carry on commerce, industry, trade and also any profession, not appropriated to nationals of that party ; and subject to such reciprocal treatment, the treatment accorded to the nationals of either contracting party shall not be less favourable than that accorded to the nationals of the most favoured nation.

*Article 2*

Subject to reciprocal treatment, the nationals of either contracting party shall receive in the territory of the other, the most favoured nation treatment in regard to the acquisition, possession, transfer, lease and disposal of every kind of movable and immovable property in conformity with the laws and regulations in force therein.

---

<sup>1</sup> Came into force on 10 May 1957 by the exchange of the instruments of ratification at New Delhi, in accordance with article 15.

*Article 3*

The properties of the nationals of either contracting party in the territory of the other shall receive lawful protection. The properties, of whatsoever description, of the nationals of either contracting party shall not be seized or confiscated except for public purposes and only if real and just compensation is given to them for such expropriation. Reasonable facilities will be given for remittance of compensation payable on expropriation.

*Article 4*

In the event of the nationals of either contracting party lawfully acquiring any property in the territory of the other, the removal, transfer or disposal of such property from that territory shall be permissible in accordance with the laws and regulations in force in that territory.

*Article 5*

Subject to the provisions of Article 11, the nationals of either contracting party shall not in the territory of the other pay any taxes, imposts or duties heavier than those imposed on the nationals of the most favoured nation.

*Article 6*

Subject to reciprocal treatment, each contracting party shall, having regard to its foreign exchange position, give reasonable facilities to nationals of the other party for making remittances to the country of their domicile for the support of their families and for other essential payments, and, such facilities shall subject to reciprocity be not less favourable than those accorded to the nationals of any third country.

*Article 7*

Subject to reciprocal treatment, in the event of a national of either contracting party dying in the territory of the other, his property in that territory shall be duly protected and administered in accordance with the laws in force there. The nearest Consular or Diplomatic Representative of the Government of the deceased shall be informed in advance of the time and place where the estate of the deceased will be sealed, listed and prepared for its disposal, and such Consular or Diplomatic Representative shall be entitled to attend or be represented and be apprised of the proceedings relating to the estate. The assets of the estate shall after discharge of undisputed debts and liabilities, and payment of the taxes, imposts and duties payable on the estate in that territory, will be made over to the Consular or Diplomatic

Representative of his Government. If the deceased had been a temporary visitor, and his legal representative and successor is at the place of his death, the estate after discharge of the liabilities, and payment of the taxes, imposts, and duties, aforesaid, shall be handed over to him.

The succession to the property of such deceased shall be regulated by the laws in force in the country of which he is a subject at the time of his death ; and the estate shall be liable to all taxes, imposts and duties as are levied or leviable on the estates of any other person dying at the place of his death.

#### Article 8

The nationals of either contracting party shall, in the territory of the other, be accorded the same treatment as is accorded to the nationals of the other in having access to the courts of justice and tribunals, in all degrees of jurisdiction and in respect of the security that the foreign nationals should deposit at the time of raising or entering a lawsuit as a third party (*Cautio Judicatum Solvi*), the principle of reciprocal treatment shall apply.

#### Article 9

All commercial enterprises such as industrial, trading, banking, insurance or financial corporations owned or controlled by the nationals of either contracting party may be constituted in the territory of the other contracting party with due regard to the relevant laws and on the basis of reciprocal treatment. Such corporations shall in all respects be accorded treatment not less favourable than that accorded to the corporation of any third country.

#### Article 10

The contracting parties shall, subject to the provisions of Article 11, grant each other complete most favoured nation treatment, that is to say, with respect to customs duties and charges of any kind imposed on or in connection with importation or exportation or imposed on the international transfer of payments for imports or exports and with respect to the method of levying such duties and charges and with respect to all rules and formalities relating to the clearance of goods through the customs, any advantage, favour, privilege or immunity granted by either contracting party to any product originating in or destined for any third country shall be accorded immediately and unconditionally to the like product originating in or destined for the territory of either contracting party.

*Article 11*

The contracting parties agree that the provisions of this Treaty with respect to the "Most Favoured Nation Treatment" shall not be deemed to be contravened by the grant or continuance of :

- (a) advantages accorded or to be accorded by the contracting parties to contiguous countries ;
- (b) advantages resulting from any Customs Union or free trade area to which either of the contracting parties is or may become a party ;
- (c) preference or advantage accorded by either contracting party to any country, and subsisting on the date of this Treaty or in replacement of such preferences or advantages.

*Article 12*

The nationals of either contracting party shall in the territory of the other party be exempted in peace and war from any kind of compulsory military service and from all obligations or payments in lieu of such service. But in the case of a natural catastrophe, such compulsory services of a civil nature as are imposed on the nationals of either contracting party may also be imposed on the resident nationals of the other contracting party on the same conditions.

*Article 13*

Subject to provisions of Article 11, each contracting party shall, in respect of duties of tonnage, harbour, pilotage, lighthouses and other analogous duties levied in the ports of either contracting party, accord treatment not less favourable than that accorded to the ships of any third country, and provide all possible facilities that it can reasonably accord with regard to the transport of as large a proportion as possible of the imported and exported goods between the two countries by the ships of either contracting party. The provisions of this Article shall not apply to coasting trade of either party.

*Article 14*

The contracting parties agree that all disputes arising out of the application or interpretation of this treaty shall be settled as soon as possible by peaceful means and in the first instance by negotiations through ordinary diplomatic channels.

*Article 15*

This Treaty shall be ratified by the competent authorities of both parties and shall come in force immediately after the exchange of instruments of ratification which will take place at New Delhi.

*Article 16*

This Treaty shall remain valid for three years from the date on which it comes in force and shall also be effective thereafter for an unlimited period unless either party, by giving six months' notice in writing, notifies the order of its invitation to terminate it.

This Treaty is made in three languages, Persian, Hindi and English, the three texts being equally authentic, except in the case of doubt when the English text shall prevail.

DONE at Tehran this 24th day of Azar 1333 (Solar Year) corresponding to 15th day of December 1954.

For His Imperial Majesty  
the Shahanshah of Iran :  
(Signed) Abdullah ENTEZAM

For the President  
of India :  
(Signed) Tara CHAND

## EXCHANGE OF LETTERS

## I

Your Excellency,

In the course of the discussions that have led to the conclusion of the Treaty of Commerce & Navigation between the Government of the Republic of India and the Imperial Government of Iran<sup>1</sup> it was agreed that the phrase "essential current payments" occurring in Article 6 would be defined clearly by the exchange of letters. My Government is of the opinion that, though it is not possible to give an exhaustive list of "essential current payments", the following should be regarded as the more common types of current liabilities which foreign nationals have to meet in their country :

- (i) maintenance of families and dependents including children's education ;
- (ii) payment of taxes on and expenses for the upkeep of property ;

<sup>1</sup> See p. 260 of this volume.

- (iii) payment of life insurance premia ;
- (iv) subscriptions to clubs and other institutions.

2. It is also the view of my Government that foreign nationals residing temporarily in either of the country should be given the facility to remit their current monthly savings to their home country without limitation as to the nature of payments required to be made out of such remittances. My Government should be grateful to have the confirmation of your Government in this regard.

3. This letter and your confirmation will be treated by both parties/Governments as forming part of the Agreement.

I avail myself of the opportunity to renew to your Excellency the assurance of my highest consideration.

Yours sincerely,

(Signed) Tara CHAND  
Ambassador of India, Tehran

15th December, 1954

To His Excellency Mr. Abdullah Entezam  
Representative of the Government of Iran

## II

Your Excellency,

I have today received with thanks your letter dated the 15-12-1954, which reads as follows :

[See letter I]

2. I have the honour to confirm that this correctly sets out the understandings reached between us.

Yours sincerely,

(Signed) Abdullah ENTEZAM  
Minister for Foreign Affairs, Tehran

15th December, 1954

To His Excellency Dr. Tara Chand  
Ambassador of India  
Tehran

## III

No. 109 (I)-C.S./54.

Dated the 4th June, 1955

Excellency,

In the course of discussion of the Treaty of Commerce & Navigation between India and Iran I understand that certain doubts have arisen in regard to the wording of para 2 of the letter which was exchanged on the 15th December 1954 defining the phrase "essential payments" occurring in Article 6 of the Treaty. My Government has now agreed to the following changes in para 2 of the above letter :

- (1) In place of "foreign nationals" substitute "nationals of India and Iran".
- (2) Delete the sentence beginning in the fourth line with the words "without limitations" and ending in the seventh line with the words "such remittances".
- (3) The words "essential payments" occurring in Article 6 of the Treaty as explained in paragraph 1 of the letter exchanged between the two Governments on 15th December 1954 cover "current payments"; that is, remittances for meeting essential liabilities and charges. These remittances from an Indian national resident in Iran or by an Iranian national residing in India to this home country would be out of the savings of the nationals.

These current international transactions are covered by the agreement of the International Monetary Fund, of which both India and Iran are members.

It is hoped that the Imperial Government of Iran will have no objection to the draft letter as revised.

2. This letter and your confirmation will also be treated by both the Governments as forming part of the Treaty. Notwithstanding the text of the Treaty as signed, it will be regarded by both the Governments as being in force in its amended form as from the date on which the Treaty comes into force.

I avail myself of this opportunity to renew to your Excellency the assurances of my highest consideration.

(Signed) Tara CHAND

His Excellency, the Minister for Foreign Affairs  
Imperial Government of Iran  
Tehran



## IV

The 4th June, 1955

*From:* Imperial Ministry of Foreign Affairs, Tehran

*To:* His Excellency Dr. Tara Chand, Ambassador of India, Tehran

Your Excellency,

I have today received with thanks your letter dated the 4th June 1955, which reads as follows :

[See letter III]

2. I have the honour to confirm that this correctly sets out the understandings reached between us.

3. I avail myself of this opportunity to renew to your Excellency the assurances of my highest consideration.

Yours sincerely,

(Signed) Mostafa SAMIY