

No. 25115

**FEDERAL REPUBLIC OF GERMANY
and
OMAN**

Treaty concerning the encouragement and reciprocal protection of investments (with protocol and exchange of letters of 25 June 1979). Signed at Muscat on 25 June 1979

Authentic texts: German, Arabic and English.

Registered by the Federal Republic of Germany on 24 July 1987.

**RÉPUBLIQUE FÉDÉRALE D'ALLEMAGNE
et
OMAN**

Traité relatif à l'encouragement et à la protection réciproque des investissements (avec protocole et échange de lettres du 25 juin 1979). Signé à Mascate le 25 juin 1979

Textes authentiques : allemand, arabe et anglais.

Enregistré par la République fédérale d'Allemagne le 24 juillet 1987.

TREATY¹ BETWEEN THE FEDERAL REPUBLIC OF GERMANY AND THE SULTANATE OF OMAN CONCERNING THE EN- COURAGEMENT AND RECIPROCAL PROTECTION OF IN- VESTMENTS

The Federal Republic of Germany and the Sultanate of Oman,
Desiring to intensify economic co-operation between both States,

Intending to create favourable conditions for investments by nationals and companies of either State in the territory of the other State, and

Recognizing that encouragement and contractual protection of such investments are apt to stimulate private business initiative and to increase the prosperity of both nations,

Have agreed as follows:

Article 1. For the purpose of the present Treaty

1. The term “investments” shall comprise every kind of asset, in particular:

- (a) Movable and immovable property as well as any other rights *in rem*, such as mortgages, liens and pledges;
- (b) Shares of companies and other kinds of interest;
- (c) Claims to money which has been used to create an economic value or claims to any performance having an economic value;
- (d) Copyrights, industrial property rights, technical processes, trade-marks, trade-names, know-how, and good will;
- (e) Business concessions under public law, including concessions to search for, extract or exploit natural resources;

any alteration of the form in which assets are invested shall not affect their classification as investment;

2. The term “returns” shall mean the amounts yielded by an investment for a definite period as profit, dividends, interest, licence or other fees;

3. The term “nationals” shall mean

- (a) In respect of the Federal Republic of Germany: Germans within the meaning of the Basic Law for the Federal Republic of Germany;
- (b) In respect of the Sultanate of Oman: any person holding Omani nationality according to Omani Nationality Law, either by birth or by naturalization;

4. The term “companies” shall mean

- (a) In respect of the Federal Republic of Germany: any juridical person as well as any commercial or other company or association with or without legal personality having its seat in the German area of application of the present Treaty and lawfully existing consistent with legal provisions, irrespective of whether

¹ Came into force on 4 February 1986, i.e., one month after the exchange of the instruments of ratification, which took place at Muscat on 4 January 1986, in accordance with article 13 (2).

the liability of its partners, associates or members is limited or unlimited and whether or not its activities are directed at profit;

- (b) In respect of the Sultanate of Oman: any company or corporation granted or not granted legal status and practising its business according to the Sultanate's laws.

Article 2. Each Contracting Party shall in its territory promote as far as possible the investment of capital by nationals or companies of the other Contracting Party and admit such investments in accordance with its legislation. It shall in any case accord such investments fair and equitable treatment.

Article 3. (1) Neither Contracting Party shall subject investments in its territory owned or controlled by nationals or companies of the other Contracting Party to treatment less favourable than it accords to investments of its own nationals or companies or to investments of nationals or companies of any third State.

(2) Neither Contracting Party shall subject nationals or companies of the other Contracting Party, as regards their activity in connexion with investments in its territory, to treatment less favourable than it accords to its own nationals or companies or to nationals or companies of any third State.

Article 4. (1) Investments by nationals or companies of either Contracting Party shall enjoy full protection as well as security in the territory of the other Contracting Party.

(2) Investments by nationals or companies of either Contracting Party shall not be expropriated, nationalized or subjected to any other measure the effects of which would be tantamount to expropriation or nationalization in the territory of the other Contracting Party except for the public benefit and against compensation. Such compensation shall be equivalent to the value of the investment expropriated immediately before the date the expropriation or nationalization was publicly announced. The compensation shall be paid without delay and shall carry the usual bank interest until the time of payment; it shall be actually realizable and freely transferable. Provision shall have been made in an appropriate manner at or prior to the time of expropriation, nationalization, or comparable measure for the determination and payment of such compensation. The legality of any such expropriation, nationalization, or comparable measure and the amount of compensation shall be subject to review by due process of law.

(3) Nationals or companies of either Contracting Party whose investments suffer losses in the territory of the other Contracting Party owing to war or other armed conflict, revolution, a state of national emergency, or revolt, shall be accorded treatment no less favourable by such other Contracting Party than that Party accords to its own nationals or companies, as regards restitution, indemnification, compensation or other valuable consideration. Such payments shall be freely transferable.

(4) Nationals or companies of either Contracting Party shall enjoy most-favoured-nation treatment in the territory of the other Contracting Party in respect of the matters provided for in the present Article.

Article 5. Each Contracting Party shall guarantee to nationals or companies of the other Contracting Party the free transfer of payments in connexion with an investment, in particular

- (a) Of the capital and additional amounts to maintain or increase the investment;

- (b) Of the returns;
- (c) In repayment of loans borrowed for the purpose of investment in the territory;
- (d) Of licence and other fees for the rights defined in subparagraph (d) of paragraph 1 of Article 1;
- (e) Of the proceeds from the sale of the whole or any part of the investment.

Article 6. If either Contracting Party makes payment to any of its nationals or companies under a guarantee it has assumed in respect of an investment in the territory of the other Contracting Party, the latter Contracting Party shall, without prejudice to the rights of the former Contracting Party under Article 10, recognize the assignment, whether under a law or pursuant to a legal transaction, of any right or claim from such national or company to the former Contracting Party. The latter Contracting Party shall also recognize the subrogation of the former Contracting Party to any such right or claim (assigned claims) which that Contracting Party shall be entitled to assert to the same extent as its predecessor in title. As regards the transfer of payments to be made to the Contracting Party concerned by virtue of such assignment, paragraphs 2 and 3 of Article 4 as well as Article 5 shall apply *mutatis mutandis*.

Article 7. (1) To the extent that those concerned have not made another arrangement admitted by the appropriate agencies of the Contracting Party in whose territory the investment is situated, transfers under paragraph 2 or 3 of Article 4, under Article 5 or Article 6 shall be made without delay at the rate of exchange for current transactions effective for the agreed currency on the day the transfer is made.

(2) This rate of exchange shall be in accordance with the pertinent regulations of the International Monetary Fund. In cases of doubt the rate of exchange shall be based on those rates which would be applied by the International Monetary Fund on the date of payment for conversions of the currencies concerned into Special Drawing Rights.

(3) If the provisions of paragraph 2 above are not applicable to either Contracting Party, the rate of exchange shall be based on the official rate fixed by that Contracting Party for its currency in relation to a freely convertible currency.

Article 8. (1) If the legislation of either Contracting Party or obligations under international law existing at present or established hereafter between the Contracting Parties in addition to the present Treaty contain a regulation, whether general or specific, entitling investments by nationals or companies of the other Contracting Party to a treatment more favourable than is provided for by the present Treaty, such regulation shall to the extent that it is more favourable prevail over the present Treaty.

(2) Each Contracting Party shall observe any other obligation it may have entered into with regard to investments in its territory by agreement with nationals or companies of the other Contracting Party.

Article 9. The present Treaty shall also apply to investments made prior to its entry into force by nationals or companies of either Contracting Party in the territory of the other Contracting Party consistent with the latter's legislation.

Article 10. (1) Divergencies between the Contracting Parties concerning the interpretation or application of the present Treaty should as far as possible be settled by the Governments of the two Contracting Parties.

(2) If a divergency cannot thus be settled, it shall upon the request of either Contracting Party be submitted to an arbitral tribunal.

(3) Such arbitral tribunal shall be constituted *ad hoc* as follows: each Contracting Party shall appoint one member, and these two members shall agree upon a national of a third State as their chairman to be appointed by the Governments of the two Contracting Parties. Such members shall be appointed within two months, and such chairman within three months from the date on which either Contracting Party has informed the other Contracting Party that it intends to submit the dispute to an arbitral tribunal.

(4) If the periods specified in paragraph 3 above have not been observed, either Contracting Party may, in the absence of any other relevant arrangement, invite the President of the International Court of Justice to make the necessary appointments. If the President is a national of either Contracting Party or if he is otherwise prevented from discharging the said function, the Vice-President should make the necessary appointments. If the Vice-President is a national of either Contracting Party or if he, too, is prevented from discharging the said function, the member of the Court next in seniority who is not a national of either Contracting Party should make the necessary appointments.

(5) The arbitral tribunal shall reach its decisions by a majority of votes. Such decisions shall be binding. Each Contracting Party shall bear the cost of its own member and of its representatives in the arbitral proceedings; the cost of the chairman and the remaining costs shall be borne in equal parts by the Contracting Parties. The arbitral tribunal may make a different regulation concerning costs. In all other respects, the arbitral tribunal shall determine its own procedure.

(6) If both Contracting Parties are members of the Convention of 18 March 1965 on the Settlement of Investment Disputes between States and Nationals of Other States¹ the arbitral tribunal provided for above may in consideration of the provisions of paragraph 1 of Article 27 of the said Convention not be appealed to insofar as agreement has been reached between the national or company of one Contracting Party and the other Contracting Party under Article 25 of the Convention. This shall not affect the possibility of appealing to such arbitral tribunal in the event that a decision of the Arbitral Tribunal established under the said Convention (Article 27) is not complied with or in the case of an assignment under a law or pursuant to a legal transaction as provided for in Article 6 of the present Treaty.

Article 11. The present Treaty shall remain in force also in the event of a conflict arising between the Contracting Parties, without prejudice to the right to take such temporary measures as are permitted under the general rules of international law. Such measures shall be repealed not later than on the date of the actual termination of the conflict, irrespective of whether or not diplomatic relations exist.

Article 12. With the exception of the provisions in paragraph 6 of the Protocol, which refer to air transport, the present Treaty shall also apply to Land Berlin, provided that the Government of the Federal Republic of Germany does not make a contrary declaration to the Government of the Sultanate of Oman within three months of the date of entry into force of the present Treaty.

¹ United Nations, *Treaty Series*, vol. 575, p. 159.

Article 13. (1) The present Treaty shall be ratified; the instruments of ratification shall be exchanged as soon as possible in Muscat.

(2) The present Treaty shall enter into force one month from the date of the exchange of the instruments of ratification. It shall remain in force for a period of ten years and shall be extended thereafter for an unlimited period except if denounced in writing by either Contracting Party twelve months before its expiration. After the expiry of the period of ten years the present Treaty may be denounced at any time by either Contracting Party giving one year's notice.

(3) In respect of investments made prior to the date of termination of the present Treaty, the provisions of Articles 1 to 12 shall continue to be effective for a further period of twenty years from the date of termination of the present Treaty.

DONE at Muscat on 25th June 1979 in duplicate in the German, Arabic and English languages, all texts being authentic. In case of a divergent interpretation of the German and Arabic texts, the English text shall prevail.

For the Federal Republic of Germany:

Dr. THEODOR MEZ
Ambassador of the Federal Republic of Germany

For the Sultanate of Oman:

QAIS A. AL ZAWAWI
Minister of State for Foreign Affairs

PROTOCOL

On signing the Treaty concerning the Encouragement and Reciprocal Protection of Investments, concluded between the Federal Republic of Germany and the Sultanate of Oman, the undersigned plenipotentiaries have, in addition, agreed on the following provisions which shall be regarded as an integral part of the said Treaty:

(1) *Ad Article 1*

(a) Returns from the investment and, in the event of their reinvestment, the returns therefrom, shall enjoy the same protection as the investment.

(b) Without prejudice to any other method of determining nationality, in particular any person in possession of a passport issued by the competent authorities of the Contracting Party concerned shall be deemed to be a national of that Party.

(2) *Ad Article 2*

Investments made, in accordance with the laws and regulations of either Contracting Party, within the area of application of the law of that Party by nationals or companies of the other Contracting Party shall enjoy the full protection of the present Treaty.

(3) *Ad Article 3*

(a) The following shall more particularly, though not exclusively, be deemed “activity” within the meaning of paragraph 2 of Article 3: the management, maintenance, use, and enjoyment of an investment. The following shall, in particular, be deemed “treatment less favourable” within the meaning of paragraph 2 of Article 3: restricting the purchase of raw or auxiliary materials, of energy or fuel or of means of production or operation of any kind, impeding the marketing of products inside or outside the country, as well as any other measures having similar effects. Measures that have to be taken for reasons of public security and order, public health or morality shall not be deemed “treatment less favourable” within the meaning of Article 3.

(b) The Contracting Parties shall within the framework of their national legislation give sympathetic consideration to applications for the entry and sojourn of persons of either Contracting Party who wish to enter the territory of the other Contracting Party in connexion with the making and carrying through of an investment; the same shall apply to nationals of either Contracting Party who in connexion with an investment wish to enter the territory of the other Contracting Party and sojourn there to take up employment. Applications for work permits shall also be given sympathetic consideration.

(4) *Ad Article 4*

(a) “Expropriation” shall mean any taking away or restricting tantamount to the taking away of any property right which in itself or in conjunction with other rights constitutes an investment.

(b) A claim to compensation shall also exist when, as a result of State intervention in the company in which the investment is made, its economic substance is severely impaired.

(5) *Ad Article 7*

A transfer shall be deemed to have been made “without delay” within the meaning of paragraph 1 of Article 7 if effected within such period as is normally required for the completion of transfer formalities. The said period shall commence on the day on which the relevant request has been submitted and may on no account exceed two months.

(6) Whenever goods or persons connected with the making of investments are to be transported, each Contracting Party shall neither exclude nor hinder transport enterprises of the other Contracting Party and shall issue permits as required to carry out such transport.

This shall include the transport of

- (a) Goods directly intended for an investment within the meaning of the present Treaty or acquired in the territory of either Contracting Party or of any third State by or on behalf of an enterprise in which assets within the meaning of the present Treaty are invested;
- (b) Persons travelling in connexion with the making of investments.

DONE at Muscat on 25th June 1979 in duplicate in the German, Arabic and English languages, all texts being authentic. In case of a divergent interpretation of the German and Arabic texts the English text shall prevail.

For the Federal Republic of Germany:

Dr. THEODOR MEZ
Ambassador of the Federal Republic of Germany

For the Sultanate of Oman:

QAIS A. AL ZAWAWI
Minister of State for Foreign Affairs

[TRANSLATION — TRADUCTION]¹

SULTANATE OF OMAN

Date: 25.6.1979

No. 11/4/13/79/57

Excellency,

[See letter II]

Accept, Excellency, etc.

QAIS ABD AL MUNIM AL ZAWAWI
Minister of State for Foreign AffairsHis Excellency the Ambassador
of the Federal Republic of Germany

II

[GERMAN TEXT — TEXTE ALLEMAND]

DER BOTSCHAFTER
DER BUNDESREPUBLIK DEUTSCHLANDTHE AMBASSADOR
OF THE FEDERAL REPUBLIC
OF GERMANY

Maskat, den 25. Juni 1979

Muscat, 25 June 1979

Herr Staatsminister,

Excellency,

ich beehre mich, den Empfang Ihres heutigen Schreibens zu bestätigen, das in der vereinbarten deutschen Fassung folgenden Wortlaut hat:

I have the honour to confirm receipt of your letter of today which in the agreed version reads as follows:

Unter Bezugnahme auf den am 25. Juni 1979 unterzeichneten Vertrag zwischen der Bundesrepublik Deutschland und dem Sultanat Oman über die Förderung und den gegenseitigen Schutz von Kapitalanlagen wird davon ausgegangen, daß Artikel 3 des Vertrags und Absatz 3 des dazugehörigen Protokolls nicht für Steuerbefreiung und

With reference to the Treaty signed on 25 June 1979 between the Federal Republic of Germany and the Sultanate of Oman concerning the Encouragement and Reciprocal Protection of Investments, it is understood that Article 3 of the Treaty and paragraph 3 of the Protocol thereto shall not apply to tax exemption and tax reliefs with respect

¹ Translation provided by the Government of the Federal Republic of Germany — Traduction fournie par le Gouvernement de la République fédérale d'Allemagne.

Steuererleichterungen bei der Ertrags- und Einkommensteuer gelten, die nach omanischem Recht Unternehmen gewährt werden, die ausschließlich im Eigentum von Omanern stehen.

Alle Gemeinschaftsunternehmen mit ausländischer Beteiligung (nach omanischem Recht) gewährten steuerlichen Vergünstigungen gelten gleichermaßen für Gemeinschaftsunternehmen mit deutscher Beteiligung.

Das Sultanat Oman behandelt deutsche Kapitalanleger hinsichtlich aller sonstigen Betätigungen im Sinne des genannten Artikels nicht weniger günstig als seine eigenen Staatsangehörigen oder Staatsangehörige dritter Staaten.

Ich beehre mich, Ihnen mitzuteilen, daß meine Regierung mit den in Ihrem Schreiben enthaltenen Vorschlägen einverstanden ist.

Genehmigen Sie, Herr Staatsminister, den Ausdruck meiner ausgezeichnetsten Hochachtung.

Dr. THEODOR MEZ

Seiner Exzellenz dem Staatsminister
der Auswärtigen Angelegenheiten
des Sultanats Omans Herrn Qais A.
Al Zawawi
Maskat

to taxes imposed upon revenues and income which are granted under Omani law to companies wholly owned by Omanis.

Any tax advantages granted (under Omani law) to joint ventures with foreign participation shall apply equally to joint ventures with German participation.

In respect of all other activities of German investors, as referred to in the said Article, the Sultanate of Oman shall accord to them treatment no less favourable than it accords to its own nationals or nationals of any third State.

I have the honour to inform you that my Government agrees to the proposals contained in your letter.

Accept, Excellency, the assurances of my highest consideration.

Dr. THEODOR MEZ

His Excellency,
Mr. Qais A. Al Zawawi
Minister of State for Foreign Affairs of
the Sultanate of Oman
Muscat