No. 56678*

Turkey
and
Georgia

Agreement between the Republic of Turkey and the Republic of Georgia on the reciprocal promotion and protection of investments. Tbilisi, 30 July 1992

Entry into force: 3 May 1995 by the exchange of the instruments of ratification, in accordance with IX(1)

Authentic texts: Georgian and Turkish

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Turquie
et
Géorgie

Accord entre la République turque et la République de Géorgie relatif à la protection et à l'encouragement réciproque des investissements. Tbilissi, 30 juillet 1992

Entrée en vigueur : 3 mai 1995 par l'échange des instruments de ratification, conformément au paragraphe 1 de IX

Textes authentiques : géorgien et turc

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AGREEMENT BETWEEN THE REPUBLIC OF TURKEY AND THE REPUBLIC OF GEORGIA ON THE RECIPROCAL PROMOTION AND PROTECTION OF INVESTMENTS

The Republic of Turkey and the Republic of Georgia, hereinafter referred to as “the Parties”, Desiring to increase their cooperation, especially with regard to investments made by investors of one Party in the territory of the other Party,

Recognizing that the conclusion of an agreement on the treatment to be accorded to such investments will stimulate the flow of capital and technology and the economic development of the Parties,

Agreeing that fair and equitable treatment of investments is necessary in order to create a stable environment for investment and ensure the most effective use of economic resources,

Having resolved to conclude an agreement on the promotion and reciprocal protection of investments,

Have agreed as follows:

Article I. Definitions

For the purposes of this Agreement:

1. The term “investor” means:

(a) Natural persons having the citizenship of either Party according to the laws and regulations of that Party;

(b) Legal persons such as companies, firms or business partnerships established in accordance with the laws and regulations of either Party and whose head office is located in the territory of that Party.

2. The term “investment” means the following assets in accordance with, but not limited to, the laws and regulations of the host Party in which the investment is made:

(i) Shares, stocks or other forms of participation in companies;

(ii) Reinvested earnings, claims to money or other rights related to an investment that have financial value and have been legally acquired;

(iii) Movable and immovable property and rights in such property, including mortgages, liens and pledges;

(iv) Patents, licences, industrial designs, copyrights, technical processes, trademarks, goodwill, know-how and similar rights;

(v) Concessions granted under the law or a commercial contract concluded in accordance with the law, including concessions to search for, extract, process and use natural resources in the Parties’ territories.

3. The term “returns” means the amounts yielded by an an investment, including, but not limited to, dividends, interest and profits.
4. The term “territory” means the territory within the borders of which the Party hosting the investment has sovereignty or jurisdiction under international law, including land boundaries, the territorial sea and the continental shelf, as agreed between the Parties.

**Article II. Promotion and protection of investments**

1. Each Party shall, subject to its relevant laws and regulations, permit investments and related activities in its territory under conditions no less favourable than those applicable to investments made by investors of any third country.

2. Each Party shall ensure that, after an investment has been made in its territory, the other Party receives treatment similar to that accorded to investments made by its own investors or by investors of any third country, whichever is more favourable.

3. Subject to the laws and regulations of the Parties relating to the entry of foreign nationals into, and the sojourn and employment of such persons in, their territories:

   (a) Each Party shall permit nationals of the other Party who have committed or are in the process of committing a substantial amount of capital or other resources in connection with an investment in its territory, or persons employed by such nationals, to enter and remain in its territory for the purpose of carrying out studies or research in connection with, or establishing, developing or managing, that investment;

   (b) Each Party shall, within the framework of its laws and regulations in force in its territory, permit companies established for the purposes of investment by investors of the other Party to employ managerial and technical personnel of their choice, regardless of nationality.

4. The provisions of this article shall not apply to agreements of any of the following types concluded by either Party:

   (a) Agreements establishing a customs union or regional economic organization or any similar international agreements already concluded or to be concluded in the future;

   (b) Agreements relating wholly or partially to taxation.

**Article III. Expropriation and compensation**

1. Neither Party shall subject the investments made within its territory by investors of the other Party to nationalization, expropriation or similar practices unless such measures are taken in the public interest, in a non-discriminatory manner, in accordance with the relevant laws and the general principles set forth in article II of this Agreement, and against the payment of adequate compensation.

2. Such compensation shall be equivalent to the real value of the expropriated investment immediately before the expropriation or before the impending expropriation was made known. Compensation shall be paid without unreasonable delay and shall be freely transferable as provided for in article IV, paragraph 2.

3. Investors of either Party whose investments suffer losses or damage in the territory of the other Party as a result of war, insurrection, civil disturbances or similar events shall be accorded by such other 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, in terms of compensation for such losses or damage.
Article IV. Repatriation and transfers

1. Each Party shall permit in good faith all transfers related to an investment to be made into and out of its territory without unreasonable delay. Such transfers include the following:
   (a) Returns;
   (b) Proceeds from the sale or liquidation of all or any part of an investment;
   (c) Compensation to be paid in accordance with article III;
   (d) Principal and interest payments for loans obtained in connection with investments;
   (e) Salaries, wages and other income earned by foreign nationals holding work permits and employed by one Party in connection with an investment made in the territory of the other Party;
   (f) Payments arising from investment disputes.

2. Unless otherwise agreed by the investor and the host Party, transfers shall be made in the convertible currency in which the investment has been made or in any convertible currency at the exchange rate prevailing at the date of the transfer.

Article V. Subrogation

1. If an investment made by an investor of one of the Parties is insured against non-commercial risks under a system established in accordance with the law, the insurer’s right of subrogation arising from the terms of the insurance contract in question shall be recognized by the other Party.

2. The insurer shall not be entitled to exercise any rights other than the rights which the investor would have been entitled to exercise.

3. Any dispute arising between one of the Parties and an insurer shall be settled in accordance with the provisions of article VII of this Agreement.

Article VI. Other obligations

This Agreement shall not derogate from
   (a) The Parties’ laws or regulations or their administrative practices, procedures or decisions, or the decisions of the Parties’ judicial bodies
   (b) Obligations under international law
   (c) Obligations assumed by either Party in accordance with an investment agreement or an investment authorization

that accord to investments, or to activities relating to investments, treatment more favourable than that provided for in this Agreement.

Article VII. Settlement of disputes between one of the Parties and an investor of the other Party

1. For the purposes of this article, “investment dispute” means: (a) the application or interpretation of an investment agreement between one Party and an investor of the other Party; (b) the application or interpretation of any investment authorization granted to that investor by the
foreign investment authority of a Party; or (c) a dispute arising from an alleged violation of any right granted on the basis of or created by this Agreement in connection with an investment.

2. Should a dispute arise between one of the Parties and an investor of the other Party regarding an investment made by that investor, the investor shall give the host Party written notice of the dispute, including detailed information. To the extent possible, the investor and the Party in question shall resolve the dispute through good-faith negotiations.

3. If such a dispute cannot be resolved within six months of the date of the written notice referred to in paragraph 2 above, and if the matter has been brought before the relevant court or arbitration institution in accordance with the procedures and laws of the host Party but a decision has not been issued within one year, the dispute may be submitted to one of the following international judicial authorities as selected by the investor:

   (a) The International Centre for Settlement of Investment Disputes (ICSID), established pursuant to the Convention on the Settlement of Investment Disputes between States and Nationals of Other States (if both Parties have signed this Convention);
   
   (b) An arbitral tribunal operating in accordance with the procedures and Arbitration Rules of the United Nations Commission on International Trade Law (UNCITRAL) (if both Parties are members of the United Nations);
   
   (c) The Court of Arbitration of the Paris International Chamber of Commerce.

4. Decisions issued by the international judicial authorities shall be final and binding on both Parties. The Parties shall enforce such decisions in accordance with their national laws.

**Article VIII. Settlement of disputes between the Parties**

1. The Parties shall seek in good faith and in a spirit of cooperation the early and equitable settlement of any dispute that arises between them with regard to the interpretation or application of this Agreement. In this regard, the Parties agree to engage in direct and meaningful negotiations in order to achieve such a settlement. If the Parties fail to reach a settlement through such negotiations within six months, the dispute may, at the request of either Party, be submitted to an arbitral tribunal consisting of a three-person panel.

2. Within two months of receipt of such a request, each Party shall appoint an arbitrator. The two arbitrators thus appointed shall choose a third arbitrator, a national of a third State, who will act as the presiding arbitrator. If either Party is unable to appoint an arbitrator within the specified period, the other Party may request the President of the International Court of Justice to appoint an arbitrator.

3. If the two arbitrators are unable to select a presiding arbitrator within two months of their appointment, the presiding arbitrator shall be appointed by the President of the International Court of Justice at the request of either Party.

4. If, in the cases specified in paragraphs 2 and 3 of this article, the President of the International Court of Justice is prevented from carrying out that function or is a national of either Party, the appointment shall be made by the Vice-President, and if the Vice-President is also prevented from carrying out that function or is a national of either Party, the appointment shall be made by the most senior member of the International Court of Justice who is not a national of either Party.
5. The arbitral tribunal shall, within three months of the appointment of the presiding arbitrator, determine the place of and rules governing the arbitration in accordance with the other provisions of this Agreement. If such a determination cannot be made, the arbitral tribunal shall request the President of the International Court of Justice to determine the rules, taking into account the generally accepted rules of international arbitration.

6. Unless otherwise agreed, all submissions shall be made and all hearings shall be completed within eight months of the date of selection of the third arbitrator and the arbitral tribunal shall render its decision within two months of the date of the final submission or the date of the final hearing, whichever comes later. The arbitral tribunal shall reach its decision by a majority of votes and that decision shall be binding on the Parties.

7. Expenses incurred by the presiding arbitrator and the other arbitrators and the fees of the arbitral tribunal shall be covered by the Parties equally. However, the arbitral tribunal may, at its discretion, decide that a higher proportion of those costs be paid by one of the Parties.

8. If a dispute has been submitted to an international arbitral tribunal pursuant to the provisions of article VII and is still before that tribunal, it shall not be brought before another international arbitral tribunal under the provisions of this article. This shall not prevent direct and meaningful negotiations between the Parties.

Article IX. Entry into force

1. This Agreement shall enter into force on the date of exchange of instruments of ratification. It shall be valid for 10 years and shall remain in force unless terminated pursuant to paragraph 2 of this article. This Agreement shall apply to investments made after 30 July 1992.

2. Either Party may terminate this Agreement at the end of the initial 10-year period or at any time thereafter by giving one year’s written notice to the other Party.

3. This Agreement may be amended by written agreement between the Parties. Such amendments shall enter into force when the Parties have notified each other that they have completed their respective domestic procedures necessary for implementation of the amendment.

4. With respect to investments made or acquired prior to the date of termination of this Agreement and to which the Agreement applies, the provisions of all the other articles of this Agreement shall continue to be effective for a period of 10 years from such date of termination.

DONE at Tbilisi on 30 July 1992 in two copies, in the Turkish and Georgian languages, both texts being equally authentic.

For the Republic of Turkey:
[SIGNED]
For the Republic of Georgia:
[SIGNED]