

**AGREEMENT ON THE ESTABLISHMENT OF A JOINT INDUSTRIAL ZONE BETWEEN  
THE GOVERNMENT OF THE REPUBLIC OF TURKEY AND  
THE GOVERNMENT OF THE ISLAMIC REPUBLIC OF IRAN  
(DRAFT)**

The Government of the Republic of Turkey and the Government of the Islamic Republic of Iran (herein after referred to as "the Parties);

- Considering the long-standing friendly relations between the two countries,
- Based on the common determination of both Parties concerning the provision of a suitable environment for promoting cooperation in the fields of industry, trade, science and technology,
- Aiming to realize the long-term goals for cooperation,
- Adhering to the internationally recognized principles and laws such as the principles of respecting national sovereignty and mutual interests,
- ⊕ - Respecting the international obligations of the Parties,
- Supporting joint investments,

in order to establish "Joint Industrial Zone" (herein after referred to as JIZ) have agreed as follows:

**ARTICLE- 1**

In order to implement Paragraph 7 of the Memorandum of Understanding signed on March 2<sup>nd</sup>, 2010 by the then Minister of Industry and Trade of the Republic of Turkey and the then Minister of Industry and Mines of the Islamic Republic of Iran and Article 7 of the Minutes of the Meeting signed in the First Meeting of the Committee on Establishing a JIZ on the border of Turkey and Iran on March 1<sup>st</sup>, 2010; the Parties have agreed to establish a JIZ on the site, the coordinates of which are identified on the map annexed. This site corresponds to Sarısu area on the Iranian side and Gürbulak area in Doğubeyazıt county of Ağrı city on the Turkish side.

**ARTICLE- 2**

Under the chairmanship of the Ministry of Science, Industry and Technology of the Republic of Turkey and the Ministry of Industry, Mines and Trade of the Islamic Republic of Iran; the Parties have agreed that technical committees consisting of representatives from relevant institutions shall meet within 4 months following the entry into force in accordance with Article 19 of this Agreement and shall start to work on a specific regulation (legal regime), project roadmap, infrastructure facilities and mechanisms, industrial zone management and providing a suitable ground for investments for the implementation of the industrial zone in accordance with this Agreement.

### ARTICLE- 3

In order to resolve the conflicts that may arise during the implementation of this Agreement; technical committees of the two countries shall submit the issues concerning the commercial and economic laws and rules, consulate affairs, visa procedures of the citizens of both countries and of the foreigners operating within the industrial zone, border affairs, security, judicial and arbitration, project development, types and quantity of the infrastructure facilities, decisions concerning the establishment and management of the zone along with the opinions of relevant institutions to the Ministry of Science, Industry and Technology of the Republic of Turkey and the Ministry of Industry, Mines and Trade of the Islamic Republic of Iran for approval and implementation, taking into consideration the international obligations, a special regulation with regard to Article 2 of this Agreement, relevant laws and national legislation of the Parties.

### ARTICLE- 4

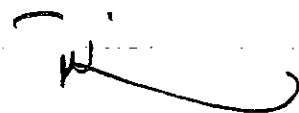
The Parties shall facilitate issues regarding the residency and transition of Turkish and Iranian investors, investors from other countries and their commercial partners and customers settled in the JIZ to their homeland without prejudice on the international obligations of the two Parties. Through the technical delegations; the Parties shall submit the issues concerning the consular affairs to the attention of the Ministries of Foreign Affairs of both countries whereas the issues concerning the residency, transition and security to the attention of the Ministries of Interior of both countries for approval.

### ARTICLE- 5

In the JIZ, each Party shall implement the provisions included in its own customs legislation concerning the goods, vehicles and persons moving in and out of their own territories. Taking into consideration the international obligations of both countries, provisions in the customs legislation of both countries related to the goods, vehicles and persons moving in and out of the territories of both countries shall be evaluated by the Committee referred to in Article 2 of this Agreement.

### ARTICLE- 6

Regulations concerning the tax issues and tax conflicts (excluding customs duties) in the JIZ shall be evaluated by the technical committee referred to in Article 2 of this Agreement in accordance with the tax regulations of both countries .



#### ARTICLE- 7

Administrative procedures regarding the employers, employees and work places operating in the JIZ shall be subject to the principles and rules to be determined by the special regulation which is referred to in Article 2 of this Agreement.

#### ARTICLE- 8

In order to simplify banking transactions and money transfer; the Parties shall develop necessary currency exchange systems which involve the use of local currencies and opening the branches of Turkish, Iranian and international banks as per their own policies and applications under the national legislation of the Parties.

#### ARTICLE- 9

○ The Parties have agreed to exchange their knowledge and experience about the establishment and management of an industrial zone, encouraging the economic enterprises, improving production and productivity conditions, increasing the competitive power, promoting complementary and joint means for cooperation, developing sustainable strategies and ensuring the continuity of industrial units; to cooperate through financial education, trade and consultation programs; to take initiatives so as to promote cooperation and mutual interests through exchanging scientific and technological advancements in production and services, and to promote cooperation and exchange of experts between scientific, technical and research institutions.

#### ARTICLE - 10

○ In order to promote regional and bilateral cooperation, the Parties have agreed to benefit from the provisions of this Agreement as well as from the acquisitions and the decisions of the joint committees in order to establish other industrial zones on convenient locations along the border of the two countries.

#### ARTICLE - 11

The Parties have agreed that a joint company, which shall be responsible for administrating, operating and managing the JIZ, shall be established with equal capital share between Turkey and Iran, using a currency agreed upon by both countries. The Parties have also agreed that the charter of the company shall be drafted by a joint committee and approved by the relevant authorities of both countries.

#### ARTICLE- 12

The budget, loan and the relevant costs concerning the establishment of the JIZ shall be determined by the Parties over the mutually-agreed currency unit and shall be covered equally by the two countries.

#### ARTICLE- 13

#### ARTICLE- 14

The Parties shall take into consideration the provisions of the water protocol between the two countries concerning the use of water resources on borders. The Parties shall also take into consideration the technical evaluation based on the recent hydrological and meteorological data of the region in order to determine the water resources to be used in the JIZ.


#### ARTICLE- 15

In line with the international environmental standards; the Parties have agreed to dispose the waste water from the production and service units in the Industrial Zone and to take relevant initiatives concerning the waste-management in the Industrial Zone.

#### ARTICLE- 16

Highway transportation into/out of the JIZ shall be realized in accordance with provisions of the International Road Transport Agreement signed on May 12, 1980 and amended on December 12, 1995 between the Republic of Turkey and the Islamic Republic of Iran.

#### ARTICLE- 17

 Once the industrial zone is established and has become operational, if any need for taking decisions on new issues and making amendments on the previously-agreed issues arises; the other Party shall be notified of the subject through diplomatic correspondence and, if deemed appropriate, relevant institutions and bodies shall perform due action upon mutual consent.

#### ARTICLE- 18

In the case of any conflict that may arise from the implementation of this Agreement, the relevant issue shall be debated by the "Joint Committee for the Settlement of Conflicts", the duties, authorities and responsibilities of which shall be determined jointly by the Parties. Should the Committee fail to compromise, the case shall be taken to International Chamber of Commerce (ICC) for arbitration.



**ARTICLE- 19**

This Agreement shall enter into force on the date of the last notification by which the Parties inform each other in writing through the diplomatic channel of the completion of their national legal procedures for the entry into force of this agreement. This Agreement shall remain in effect for a period of 49 years. Unless one of the Parties notifies the other of its intention to terminate this Agreement 2 years prior to its expiration date, the Agreement shall be automatically renewed for successive periods of 5 years.

**ARTICLE- 20**

This Agreement shall be implemented in accordance with the international obligations of the Parties and may be amended at any time upon the mutual consent of the Parties expressed in written. The amendments shall enter into force in accordance with the legal procedure defined in Article 19 of this Agreement.

**ARTICLE- 21**

This Agreement, consisting of 21 Articles and the map indicating the geographical coordinates of the JIZ in the annex, is drafted in Ankara and signed on .... 2012 in two original copies in the Turkish, Persian and English languages, all texts being equally authentic. In case of any divergence of interpretation, the English text shall prevail.

On Behalf of the Government of Republic of Turkey	On Behalf of the Government of Islamic Republic of Iran



## V. COOPERATION IN THE FIELDS OF INDUSTRY, MINES AND STANDARDIZATION

### a) Industry

Both Sides agreed to exchange technical delegations and experts in order to investigate possible capacities for improving cooperation in commercial and industrial fields and support joint cooperation activities among their related public and private sector organizations and companies, particularly for the Small and Medium Sized Enterprises.

Both Sides, with the intention of developing cooperation especially in industry and mining, decided to give priority to:

- Automotive, spare parts and assembly industries.
- Mine & Mining Industries , construction and building materials such as cement, glass, iron, such as cement, glass, iron, ceramics, vitrifications and floor covering,
- Machinery and agricultural equipments,
- Textiles, medicine equipments,
- Wood materials and papers,
- Electrical household, cosmetics and healthcare.
- Shipping and ship building industries.

Both sides agreed to realize joint investments in Turkey and Iran, as well as in the third countries in the aforementioned fields or other significant industries, exchange technology and support the works of their respective private sectors in these fields.

Both Sides emphasized the importance of establishing a Joint Industrial Free Zone/Park and agreed to hold the third technical meeting in this issue in Turkey in April 2011 to determine the location of the Joint Industrial Free Zone/Park and follow up the technical issues.

Both Sides stressed on the signing of the MOU between Iran Small Industries & Industrial Parks Organization (ISIPO) and Turkey Small and Medium Sized Enterprises Development Organization (KOSGEB) which was discussed and approved during the working visit of HE First Vice President of Islamic Republic Iran to Turkey (16 September 2010).

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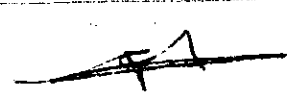
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After signing the MOU Subject to the above mentioned paragraph, the Turkish side agreed to submit a draft text of a Joint Action Plan to be prepared by "The Small and Medium Sized Enterprises Development Organization of Turkey" (KOSGEB) to the Iranian side with a view to concluding the said Plan at the earliest possible time.

Both Sides, expressing their satisfaction with the ongoing cooperation under ECO and D-8, agreed to create an appropriate atmosphere towards improving their collaboration within the framework of these Organizations.

**b) Standardization**

Both parties emphasized the implementation of signed MoU (05/03/2010) and also Action Plan (06/11/2010) between the Institute of Standard and Industrial Research of Iran (ISIRI) and Turkish Standardization Institute (TSE)

Iranian side	Turkish side
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Iranian side	Turkish side
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