A G R E E M E N T BETWEEN THE REPUBLIC OF LEBANON AND THE REPUBLIC OF CHILE FOR THE RECIPROCAL PROMOTION AND PROTECTION OF INVESTMENTS

The Government of the Republic of Lebanon and the Government of the Republic of Chile, hereinafter the "Contracting Parties".

Desiring to intensify economic cooperation to the mutual benefit of both Contracting Parties;

With the intention to create and maintain favorable conditions for investments by investors of one Contracting Party in the territory of the other Contracting Party, which include the transfer of capital;

Recognizing the need to promote and protect foreign investments with a view to stimulate private business initiative and to favor the economic prosperity of both States;

Have agreed as follows:

Article I. Definitions

For the purpose of this Agreement:

(1) The term "investor" shall mean with regard to either Contracting Party, the following persons or entities which have made investments in the territory of the other Contracting Party in accordance with the present Agreement:

(a) Natural persons who, according to the law of that Contracting Party, are considered to be its nationals;

(Two) Legal persons, including companies, corporations, business associations or any other entity constituted under the law of that Contracting Party, having their seat together with their effective economic activities in the territory of that Contracting Party;

(2) The term "investment" shall refer to every kind of asset or rights related to it, provided that it has been effected in accordance with the laws and regulations of the Contracting Party in which territory it was carried out and shall include in particular, though not exclusively:

(a) Movable and immovable assets, the property rights over them as well as all other property rights such as servitudes, mortgages, enjoyments or pledges;

(b) Shares, debentures and any other kinds of participation in companies;

(c) Claims to money or to any other performance having an economic value;

(d) Intellectual and industrial property rights, including copyright, patents, trademarks, trade names, technical processes, know-how and goodwill;

(e) Concessions conferred by law, by an administrative act or by virtue of a contract, including concessions to search for, cultivate, extract or exploit natural resources.

Any modification in the form in which assets are reinvested shall not affect their character as investment, provided that such modification is carried out pursuant to the legislation of the Contracting Party in which territory the investment has been made. (3) The term "territory" includes, in addition to the land, maritime and air territory under the sovereignty of each Contracting Party, the marine and submarine areas in which they exercise sovereign rights and jurisdiction in conformity with their respective legislation and International Law.

Article II. Scope of Application

The present Agreement shall apply to investments made, prior to or after its entry into force, by investors of one Contracting Party, in accordance with the legislation of the other Contracting Party, in the territory of the latter. It shall however not be applicable to differences or disputes which arose prior to its entry into force or to disputes directly related to events which occurred prior to its entry into force.

Article III. Promotion and Protection of Investments

(1) Each Contracting Party shall, subject to its general policy in the field of foreign investments, promote in its territory investments by investors of the other Contracting Party. Each Contracting Party shall admit such investments in accordance with its laws and regulations.

(2) Each Contracting Party shall protect within its territory investments made in accordance with its laws and regulations by investors of the other Contracting Party and shall not impair the management, maintenance, use, enjoyment, extension, sale and liquidation of such investments by unreasonable or discriminatory measures.

Article IV. Treatment of Investments

(1) Each Contracting Party shall guarantee a fair and equitable treatment in its territory to investments made by investors of the other Contracting Party and shall ensure that the exercise of the right thus recognized shall not be hindered in practice.

(2) Each Contracting Party shall accord to the investments of investors of the other Contracting Party made in its territory a treatment which is no less favorable than that accorded to the investments of its own investors or of investors of any third country, if the latter one is more favorable.

(3) If a Contracting Party accords special advantages to investors of any third country by virtue of an agreement establishing a free trade area, a customs union, a common market, an economic union or any other form of regional economic organization or any international agreement intended to facilitate frontier trade to which the Contracting Party belongs at the present time or may belong in the future or through the provisions of an agreement related wholly or mainly to taxation, it shall not be obliged to accord such advantages to investors of the other Contracting Party.

Article V. Free Transfer

(1) Each Contracting Party shall allow without delay the investors of the other Contracting Party the transfer of funds in connection with their investments in freely convertible currency, in particular but not exclusively:

(a) Interests, dividends, revenues, profits, capital gains, management and technical assistance or other fees, the income derives from the payment of royalties; irrespective of the form in which the return is paid;

(b) Repayments of foreign loan agreements related to an investment;

(c) The capital or proceeds from the total or partial sale or liquidation of an investment; and

(d) The proceeds from the settlement of a dispute and compensations and indemnities in accordance with the present Agreement.

(2) Transfers shall be made at the exchange rate in force in the market in the date of transfer, in accordance with the legislation of the Contracting Party which has admitted the investment.

Article VI. Expropriation and Indemnity

(1) Neither of the Contracting Parties shall take, either directly or indirectly, measures of expropriation, nationalization or any other measures having the same nature or the same effect against investments of investors of the other Contracting Party ("hereinafter referred to as expropriation"), unless the following conditions are complied with:

(a) The measures are taken in accordance with a law in the public or national interest;

(b) The measures are not discriminatory;

(c) The measures are accompanied by provisions for the payment of prompt, adequate and effective indemnity.

(2) The indemnity shall be based on the market value that the affected investments have on the date immediately before the one where the measure was taken or became public knowledge. In cases, where the market value cannot be readily

ascertained, the indemnity may be determined in accordance with principles of valuation generally recognized as equitable, taking into account the capital invested, its depreciation, the capital already repatriated, the replacement value and other relevant factors. In case of delay of the indemnity payment, it shall carry interests at a commercial rate on the basis of the market value from the date of expropriation until the date of payment.

(3) Regarding the legality of the expropriation and the amount of the indemnity a claim may be raised according to ordinary judicial procedure before the competent courts of justice of the Contracting Party which adopted the measure.

Article VII. Compensation for Losses

The investors of each Contracting Party whose investments in the territory of the other Contracting Party suffer damages or losses due to a war, an armed conflict, a state of national emergency, civil commotion or other similar events in the territory of the other Contracting Party shall be accorded by the latter, as regards restitution, indemnity, compensation or other arrangement, a treatment no less favorable than that accorded to its own investors or to those of any third State.

Article VIII. Subrogation

Where one Contracting Party or an agency authorized by it has granted a contract of insurance or any other form of financial guarantee against non-commercial risks with regard to an investment made by one of its investors in the territory of the other Contracting Party, the latter shall recognize the rights of the first Contracting Party or its authorized agency to surrogate the rights of the investor to the same extent as its predecessor in title, when it has made payment under such contract or financial guarantee.

Article IX. Settlement of Disputes between a Contracting Party and an Investor of the other Contracting Party

(1) The disputes which arise within the terms of this Agreement, between a Contracting Party and an investor of the other Contracting Party who has made investments in the territory of the first, shall, to the extent possible, be settled through consultations.

(2) If through these consultations a solution could not be reached within five months from the date of written request for settlement, the investor may submit the dispute:

(a) To the competent tribunal of the Contracting Party in whose territory the investment was made; or

(Two) To international arbitration of the International Center for Settlement of Investment Disputes (ICSID), created by the Convention on the Settlement of Investment Disputes between States and Nationals of other States opened for signature in Washington on March 18, 1965, in case both Contracting Party become parties of this Convention.

As long as this requirement is not met, each Contracting Party agrees that the dispute shall be submitted to arbitration pursuant to the Rules of the Additional Facility of the ICSID; or

(Three) To an ad-hoc tribunal which, unless otherwise agreed upon by the parties to the dispute, shall be established according to the arbitration rules of United Nations Commission on International Trade Law (UNCITRAL);

(3) The choice made as per subparagraphs a, b and c herein above shall be final.

(4) Each Contracting Party gives its advanced and irrevocable consent for any dispute of this kind to be submitted to any of the arbitration tribunals mentioned under literal (b) and (c) of the foregoing numeral.

(5) The arbitration awards shall be final and binding on both parties and shall be enforced in accordance with the laws of the Contracting Party in whose territory the investment was made.

(6) The Contracting Parties shall refrain from treating through diplomatic channels matters related to the disputes referred to local courts or international arbitration in accordance with this Article until the proceedings have been concluded, except where the Contracting Party to the dispute has failed to abide or comply with the court decision or award of the Arbitration Tribunal in the terms established by the respective decision or award.

Article X. Settlement of Disputes between Contracting Parties

(1) The differences that may arise between the Contracting Parties regarding the interpretation or application of the present Agreement, shall, to the extent possible, be settled by direct negotiations.

(2) If no agreement could be reached within six months following the date of notification of the difference, either Contracting Party may submit it to an Ad-hoc Arbitral Tribunal in accordance with the provisions of this Article.

(3) The Arbitral Tribunal shall be formed by three members and shall be constituted as follows: within the term of two months form the date of notification of the arbitration request, each Contracting Party shall appoint one arbitrator. These two arbitrators, within the term of forty-five days from the appointment of the last one, shall agree upon a third member who shall be a national of a third country, who will chair the Tribunal. The appointment of the Chairman shall be approved by the Contracting Parties within the term of thirty days from that person's nomination.

(4) If, within the time limits provided for in paragraph (3) of this Article, the required appointment has not been made or the required approval has not been given, either Contracting Party may request the President of the International Court of Justice to make the necessary appointment. If the President of the International Court of Justice is prevented from carrying out the said function or if he is a national of either Contracting Party, the appointments shall be made by the Vice-President, and if the latter is prevented or if he is a national of either Contracting Party, the most senior Judge of the Court who is not a national of either Contracting Party shall make the appointments.

(5) The Arbitral Tribunal shall reach its decisions on the basis of the provisions of this Agreement, the principles of International Law on this subject and the General Principles of Law as recognized by the Contracting Parties. The Tribunal shall reach its decisions by a majority of votes and shall determine its own proceeding rules.

(6) Each Contracting Party shall bear the cost of the respective arbitrator and those of its representation in the arbitral proceedings. The cost of the Chairman and the remaining costs of the proceedings shall be borne in equal parts by the Contracting Parties unless agreed otherwise.

(7) The decisions of the Arbitral Tribunal shall be final and binding on both Contracting Parties.

Article XI. Other Obligations

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 this Agreement contain a provision, whether general or specific, entitling investments by investors of the other Contracting Party to treatment more favourable than is provided for by this Agreement, such a provision shall, to the extent that it is more favourable, prevail over this Agreement.

Article XII. Final Provisions

(1) The Contracting Parties shall notify each other when the constitutional requirements for the entry into force of this Agreement have been fulfilled. The Agreement shall enter into force sixty days after the date of the latter notification.

(2) This Agreement shall remain in force for a period of ten years and thereafter it shall remain in force indefinitely. After ten years, the Agreement may be denounced at any time by either Contracting Party, with twelve month previous notice, communicated through diplomatic channels.

(3) In respect of investments made prior to the date when the notice of termination of this Agreement becomes effective, its provisions shall remain in force a further period of ten years from that date.

Done at Beirut this thirteenth day of. October 1999 in duplicate in the Arabic, Spanish and English languages, all texts being equally authentic. In case of any divergence of interpretation, the English text shall prevail.

On signing the Agreement on the Reciprocal Promotion and Protection of Investments, the Republic of Lebanon and the Republic of Chile have, in addition, agreed on the following provisions, which shall be regarded as an integral part of the said Agreement.

Ad Article IV:.

The provisions of this Article shall not prevent the Lebanese Government from applying Decree No 11614 dated 4 January, 1969 concerning the acquisition in Lebanon of the real estate rights by non-Lebanese investors.

Ad Article V:.

(1) As regard Chile, the capital invested can only be transferred one year after it has entered its territory, unless its legislation provides for a more favorable treatment.

(2) A transfer shall be deemed to have been made "without delay" if carried out within such period as is normally required for the completion of transfer formalities. The said period, which in no case may exceed thirty days, shall start on the day on which the relevant request has been submitted in due form.

Done at Beirut this thirteenth day of. October 1999 in duplicate in the Arabic, Spanish and English languages, all texts being equally authentic. In case of any divergence of interpretation, the English text shall prevail.