A G R E E M E N T ON THE RECIPROCAL PROMOTION AND PROTECTION OF INVESTMENTS BETWEEN THE LEBANESE REPUBLIC AND THE REPUBLIC OF CYPRUS

The Lebanese Republic and the Republic of Cyprus, hereinafter referred to as "the Contracting Parties",

Desiring to intensify their economic cooperation for the mutual benefit of both countries,

Intending to create favourable conditions for investments made by investors of each Contracting Party in the territory of the other Contracting Party, and

Recognizing that the promotion and protection of investments under this Agreement will stimulate initiatives in this field,

Have agreed as follows:

Article 1. Definitions

For the purposes of the present Agreement,

1. The term "investor" means with regard to either Contracting Party:

(a) Natural persons having the citizenship of that Contracting Party in accordance with its law;

(b) Legal persons constituted or incorporated in compliance with the law of that Contracting Party and having their seat in the territory of the same Contracting Party;

Who, in compliance with this Agreement, are making investments in the territory of the other Contracting Party. 2. The term "investment" means every kind of asset and in particular, although not exclusively, the following:

(a) Movable and immovable property and any other property rights such as mortgages, liens, pledges and similar rights;

(b) A company or business enterprise or shares in and stocks and debentures of a company or any other form of participation in a company or business enterprise;

(c) Claims to money or to any performance under contract having economic value and associated with an investment;

(d) Intellectual property rights, such as copyrights, patents, industrial designs or models, trade or service marks, trade names, technical processes, know-how and goodwill, as well as other similar rights recognised by the laws of the Contracting Parties.

(e) Rights to undertake economic and commercial activities conferred by law or by virtue of a contract, including concessions to search for, cultivate, extract or exploit natural resources.

Investments made in the territory of one Contracting Party by any legal entity of that same Contracting Party which is actually owned or controlled by investors of the other Contracting Party shall likewise be considered as investments of investors of the latter Contracting Party if they have been made in accordance with the laws and regulations of the former Contracting Party. Any change in the form in which assets are invested or reinvested does not affect their character as investments. 3. The term "returns" means the amounts yielded by an investment and includes, in particular although not exclusively, profit, dividends, interest, capital gains, royalties and fees.

4. The term "territory" designates the land territory and territorial waters of each of the Contracting Parties, as well as the exclusive economic zone and the continental shelf that extend outside the limits of the territorial waters of each of the Contracting Parties over which they have or may have jurisdiction and/or sovereign rights, pursuant to international law.

Article 2. Scope of Application

This Agreement shall apply to all investments made by investors of either Contracting Party, whether existing at or made after the date of its entry into force. It shall not, however, apply to disputes, which have arisen before the entry into force of the present Agreement.

Article 3. Promotion and Admission

1. Each Contracting Party shall encourage and create favourable conditions for investors of the other Contracting Party to make investments in its territory and shall admit such investments in accordance with its laws and regulations.

2. When a Contracting Party shall have admitted an investment in its territory, it shall, in accordance with its laws and regulations, grant the necessary permits in connection with such an investment and with the carrying out of licensing agreements and contracts for technical, commercial or administrative assistance.

3. Each Contracting Party shall, whenever needed, endeavour to issue in accordance with its laws and regulations, the necessary authorizations concerning the activities of consultants and other qualified persons, regardless of their citizenship.

Article 4. Protection

1. Investments made by investors of one Contracting Party in the territory of the other Contracting Party shall at all times be accorded fair and equitable treatment and shall enjoy full protection and security. In no case shall a Contracting Party accord to such investments treatment less favourable than that required by international law.

2. Neither Contracting Party shall in any way impair by unreasonable or discriminatory measures the management, maintenance, use, enjoyment, expansion or disposal of such investments. Each Contracting Party shall observe any obligation in writing it may have entered into with regard to investments of investors of the other Contracting Party.

Article 5. National Treatment and Most Favoured Nation Treatment

1. Once a Contracting Party has admitted an investment in its territory in accordance with its laws and regulations, it shall accord to such investment made by investors of the other Contracting Party treatment no less favourable than that accorded to investments of its own investors or of investors of any third State whichever is more favourable to the investor concerned.

2. Each Contracting Party shall in its territory accord to investors of the other Contracting Party, as regards their management, maintenance, use, enjoyment, expansion or disposal of their investment, treatment no less favourable than that accorded to its own investors or to investors of any third State whichever is more favourable to the investor concerned.

3. The treatment granted under paragraphs 1 and 2 of this Article shall not be construed so as to oblige one Contracting Party to extend to the investors of the other Contracting Party and their investments the benefit of any treatment, preference or privilege resulting from:

(a) Membership to any existing or future customs union, economic union, monetary union or any other regional economic integration organisation, and

(b) Any international agreement or arrangement relating wholly or mainly to taxation or any domestic legislation relating wholly or mainly to taxation.

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

Article 6. Expropriation

1. Investments of investors of either Contracting Party in the territory of the other Contracting Party shall not be nationalized, expropriated or subjected to measures having equivalent effect to nationalization or expropriation (hereinafter referred to as "expropriation") except for public interest as established by law, in accordance with due process of law, on a non discriminatory basis and against the payment of prompt, adequate and effective compensation.

2. Such compensation shall amount to the fair market value of the investment expropriated immediately before the expropriation or impending expropriation became publicly known, whichever is the earlier (hereinafter referred to as the

"valuation date").

3. Such market value shall be calculated in a freely convertible currency at the market rate of exchange prevailing for that currency on the valuation date. Compensation shall include interest at a commercial rate established on a market basis for the currency of valuation from the date of expropriation until the date of payment. Compensation shall be paid without delay, be effectively realizable and freely transferable.

4. The investor affected shall have the right, under the law of the Contracting Party making the expropriation, to prompt review, by a judicial authority or other competent and independent authority of that Contracting Party, of its case, including the valuation of its investment and the payment of compensation, in accordance with the principles set out in this Article.

5. Where a Contracting Party expropriates the assets of a company which is incorporated or constituted under the law in force in any part of its own territory, and in which investors of the other Contracting Party own shares, it shall ensure that the provisions of this Article are applied so as to guarantee prompt, adequate and effective compensation in respect of their investment to such investors of the other Contracting Party who are owners of those shares.

Article 7. Compensation for Losses

1. Investors of one Contracting Party whose investments in the territory of the other Contracting Party suffer losses owing to war or to other armed conflict, state of national emergency, revolution, insurrection, civil disturbance or any other similar event, shall be accorded by the latter Contracting Party, as regards restitution, indemnification, compensation or other settlement, treatment no less favourable than that which the latter Contracting Party accords to its own investors or to investors of any third State whichever is more favourable to the investor concerned. Resulting payments shall be freely transferable.

2. Notwithstanding paragraph 1, an investor of one Contracting Party who, in any of the situations referred to in that paragraph, suffers a loss in the territory of the other Contracting Party resulting from:

(a) Requisitioning of its investment or part thereof by the latter's forces or authorities; or

(b) Destruction of its investment or part thereof by the latter's forces or authorities, which was not required by the necessity of the situation,

Shall be accorded by the latter Contracting Party restitution or compensation which in either case shall be prompt, adequate and effective. Resulting payments shall be made without delay and be freely transferable.

Article 8. Transfers

1. Each Contracting Party shall guarantee the free transfer of all payments relating to an investment made by an investor of the other Contracting Party. Such payments shall include in particular, though not exclusively:

(a) The initial capital and additional amounts for the maintenance or increase of an investment;

(b) Investment returns, as defined in Article 1;

(c) Funds in repayment of loans related to an investment;

(d) Compensations provided for under Articles 6 and 7;

(e) Proceeds from the total or partial sale or liquidation of an investment;

(f) Earnings and other remuneration of personnel engaged from abroad in connection with an investment;

(g) Payment arising out of the settlement of a dispute.

2. Transfers under the present Agreement shall be made without delay in a freely convertible currency at the market rate of exchange prevailing on the date of transfer.

Article 9. More Favourable Terms

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

2. More favourable terms than those of this Agreement, which have been agreed to, by one of the Contracting Parties with investors of the other Contracting Party shall not be affected by this Agreement.

Article 10. Subrogation

If one Contracting Party or its designated Agency makes a payment under an indemnity, guarantee or contract of insurance against non-commercial risks given in respect of an investment made by any of its investors in the territory of the other Contracting Party, the latter Contracting Party shall recognize the assignment of any right or claim of such investor to the former Contracting Party or its designated Agency and the right of the former Contracting Party or its designated Agency to exercise, by virtue of subrogation, any such right and claim to the same extent as its predecessor in title. This subrogation will make it possible for the former Contracting Party or its designated Agency to be the direct beneficiary of any payment for indemnification or other compensation to which the investor could be entitled.

Article 11. Settlement of Disputes between the Contracting Parties

1. Any dispute between the Contracting Parties relative to the interpretation or application of this Agreement shall as far as possible be settled through diplomatic channels.

2. If it is not possible to settle the dispute in this way within six months from the start of the negotiations, it shall be submitted, at the request of either of the two Contracting Parties, to an arbitral tribunal.

3. The arbitral tribunal shall be set up in the following way: each Contracting Party shall appoint one arbitrator and these two arbitrators shall select a national of a third country as Chairman. The arbitrators shall be appointed within three months and the Chairman within three months from the date on which either of the two Contracting Parties informed the other Contracting Party of its intention to submit the dispute to an arbitral tribunal.

4. If within the periods specified in paragraph 3 of this Article the necessary appointments have not been made, either Contracting Party may, in the absence of any other agreement, 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 shall be invited to 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 International Court of Justice next in seniority who is not a national of either Contracting Party shall be invited to make the necessary appointments.

5. Chairman of the arbitral tribunal shall be a national of a third State with which both Contracting Parties maintain diplomatic relations.

6. The arbitral tribunal shall issue its decision in accordance with the provisions of this Agreement, other relevant agreements in force between the Contracting Parties and the applicable rules and principles of international law.

7. Unless the Contracting Parties decide otherwise, the arbitral tribunal shall lay down its own procedure.

8. The arbitral tribunal shall reach its decision by a majority of votes and that decision shall be final and binding on both Contracting Parties.

9. Each Contracting Party shall bear the expenses of its own arbitrator and those connected with representing it in the arbitration proceedings. The other expenses, including those of the Chairman, shall be borne in equal parts by the two Contracting Parties, unless the arbitral tribunal decides differently.

Article 12. Disputes between One Contracting Party and Investors of the other Contracting Party

1. Disputes that may arise between one of the Contracting Parties and an investor of the other Contracting Party with regard to an investment in the sense of the present Agreement, shall be notified in writing, including a detailed information, by the investor to the former Contracting Party. As far as possible, the parties concerned shall endeavour to settle these disputes amicably.

2. If these disputes cannot be settled amicably within six months from the date of the written notification mentioned in paragraph 1, the dispute may be submitted, at the choice of the investor, to:

- The competent court of the Contracting Party in whose territory the investment was made; or

- The Arbitration Institute of the Arbitral Tribunal of the Chamber of Commerce in Stockholm; or

- The Arbitral Tribunal of the International Chamber of Commerce in Paris; or

- The International Centre for the Settlement of Investment Disputes (ICSID) established by the Convention of 18 March 1965 on the Settlement of Investment Disputes between States and Nationals of Other States, in case both Contracting Parties have become members of this Convention, or

The International Centre for Settlement of Investment Disputes under the Rules Governing the Additional Facility for the Administration of Proceedings by the Secretariat of the Centre (Additional Facility of Rules) if one of the Contracting Parties is not a Contracting State of the ICSID Convention. 3. In the case that the investor decides to submit the dispute to international arbitration, each Contracting Party hereby consents to the submission of such dispute to international arbitration.

4. The arbitral tribunal shall decide the dispute in accordance with the provisions of this Agreement and the applicable rules and principles of international law. The awards of arbitration shall be final and binding on both parties to the dispute. Each Contracting Party shall carry out without delay any such award and such award shall be enforced in accordance with domestic law.

5. During arbitration proceedings or the enforcement of the award, a Contracting Party involved in the dispute shall not raise the objection that the investor of the other Contracting Party has received compensation under an insurance contract in respect of all or part of the damage.

Article 13. Entry Into Force, Duration and Termination

1. This Agreement shall enter into force on the date on which the Contracting Parties shall have notified each other that their respective constitutional formalities required for the entry into force of international agreements have been completed. It shall remain in force for an initial period of ten years after that time it will be renewed for an unlimited period of time, unless denounced in writing by either Contracting Party twelve months in advance.

2. With respect to investments made prior to the date of termination of this Agreement, the provisions of all other Articles of this Agreement shall thereafter continue to be effective for a further period of ten years from such date of termination.

IN WITNESS WHEREOF, the respective plenipotentiaries have signed this Agreement.

DONE and signed in Nicosia on the 9th of April 2001, in two originals in the English language, both being equally authentic.

FOR THE LEBANESE REPUBLIC

FOR THE REPUBLIC OF CYPRUS