AGREEMENT BETWEEN

THE GOVERNMENT OF THE FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA

AND

THE GOVERNMENT OF THE PEOPLE'S DEMOCRATIC REPUBLIC OF ALGERIA ON

THE RECIPROCAL PROMOTION AND PROTECTION OF INVESTMENTS

The Government of the People's Democratic Republic of Algeria and the Government of the Federal Democratic Republic of Ethiopia hereinafter referred to as the "Contracting Party";

Desiring to strengthen economic cooperation between the two States and to create favorable conditions to the investments of investors of a Contracting Party in the territory of the other Contracting Party;

Recognizing that the reciprocal promotion and protection of investments shall stimulate their investors' business initiatives and increase particularly capital flows and technology transfer between the Contracting Parties in the mutual interests of their economic development:

Have agreed as follows:

Article 1. Definition

For the purpose of this Agreement:

1) The "Investment" means every kind of asset invested by investors of one Contracting Party in the territory of the other Contracting Party, in accordance with the laws and regulations of the latter, and in particular though, not exclusively includes:

a) Movable and immovable property as well as other relating rights such as mortgages, pledges, usufruct and any other similar rights;

b) Shares, debentures or any other form of participation in a company;

c) Claims and rights to any performance having economic value associated with Foreign Direct Investment;

d) Royalties, industrial property rights, such as patent, registered trade-marks, industrial models or patterns, technical processes, registered trade-names and know how associated with Foreign Direct Investment;

e) Concessions accorded by law or under contract, including concessions related to prospecting, extraction or exploitation of natural resources.

Change in the form of investment does not affect its character as investment, provided that the change is made in conformity with the legislation of that Contracting Party in the territory of which the investment is carried out.

2) The term "Investor" means:

a) Natural persons having the nationality of that Contracting Party in conformity with the legislation of that Contracting Party;

b) Legal entities or companies constituted in the territory of that Contracting Party in accordance with its legislation having its head office and its economic activities in the territory of that Contracting Party.

3) The term "Returns" means all amounts yielded by an investment such as benefits, dividends, interests, royalties or any other fees.

4) The term "Territory" means:

a) In respect of the People's Democratic Republic of Algeria, when used in a geographical sense, it means the territory of the People's Democratic Republic of Algeria, including the territorial sea and beyond it, the other maritime zone, on which in application of the national legislation, and/or in accordance with international law, the People's Democratic Republic of Algeria exercise its jurisdiction and/or its sovereign rights for the purpose of exploration and exploitation of biological or not biological natural resources of the seabed superjacent water mass of the seabed and its subsoil.

b) In respect of the Federal Democratic Republic of Ethiopia, the territory which constitutes the Federal Democratic Republic of Ethiopia in which Ethiopia exercise sovereign rights and jurisdiction pursuant to international law.

Article 2. Application of the Agreement

This Agreement shall apply to investments made in the territory of either Contracting Party in accordance with its laws and regulation by investors of the other Contracting Party prior to or after the entry into force of this

Agreement. It shall, however, not be applicable to claims arising out of disputes which occurred prior to its entry in to force.

Article 3. Promotion of Investments

1) Each Contracting Party shall with in the framework of its laws and legislations admit and encourage investments by investors of the other Contracting Party in its territory in accordance with its legislation and shall create favorable conditions to such investments and accord them a fair and equitable treatment.

2) Neither Contracting Party shall in any way impair by arbitrary nor any unfounded discriminatory measures the management, maintenance, use, enjoyment or the cessation of investment in its territory, by investors of the other Contracting Party.

Article 4. National Treatment and Most Favored Nation Provisions

1) Once an investment is admitted in accordance with the legislation of a Contracting Party in the territory of which the investment is made each Contracting Party shall accord to the investors of the other Contracting Party, with respect to their investments, a treatment not less favorable than that granted to its own investors, or investments of investors of third State.

2) Each Contracting Party shall accord to the investors of the other Contracting Party as regards to management, maintenance, use, enjoyment or cessation of their investment on the territory, a treatment not less favorable than that it grants to its own investors or to the investors of any third State.

3) The treatment referred to in paragraphs (1) and (2) shall not extend to the privileges and advantages that one of the Contracting Parties accords to investors of a third State:

a) By virtue of its participation or association in a customs union, a common market, a free trade area or any other form of regional economic integration.

b) Relating to any agreement or arrangement wholly or mainly to taxation.

Article 5. Protection of Investments

1) Investment of investors of one Contracting Party shall enjoy full protection in the territory of the other Contracting Party.

2) Neither Contracting Party shall take any measures of expropriation or nationalization or any other similar measures having the same nature and the same effects against investments of investors of the other Contracting Party.

If requirements of public purpose or national interest justify derogation from this paragraph, the following conditions must be fulfilled:

a) The measures shall be carried out under due process of law;

b) The measures shall not be discriminatory; and

c) The measures shall be accompanied by prompt, adequate and effective compensation.

3) The amount of such compensation shall correspond to the market value of the expropriated investment, on the day before such expropriation, nationalization or similar measure became effective or public knowledge.

4) The compensation shall be paid in freely convertible currency at the official exchange rate applied pursuant to the exchange regulation of the Contracting Party on which it is incumbent pay the said compensation. Such compensate shall be freely transferable.

5) Transfer should be made at least, within three months following the date of deposit of an exhaustive and complete documentation on the compensation, required by the exchange regulation of the Contracting party making the expropriation. In case of unreasonable delay in payment, the compensation shall include interests at the prevailing LIBOR rate from the date of deposit until the date of payment.

6) If an agreement is not reached on the valuation of the amount of compensation, the investor concerned shall have the right, under the laws of Contracting Party making the expropriation, to promptly review, by a competent authority or a court of justice of the said party, on the valuation of his or its investment in accordance with the principles referred to in this Article.

7) Investors of either Contracting Party whose investments suffer losses owing to war or any other armed conflict, revolution, a state of national emergency or revolt in the territory of the other Contracting Party shall be granted by the latter Contracting Party treatment as regards restitution, compensation, indemnification or any other settlement, not less favorable than that granted to investors of any third State.

Article 6. Transfer of Investment Returns

1) Each Contracting Party shall guarantee the transfer of payments related to investments and returns after payment of all tax dues. Such transfer includes:

a) Interest, dividend, profit and royalties or other fees;

b) Funds in repayment of loans regularly contracted;

c) Proceeds accruing from the whole or partial liquidation of the investment;

d) Indemnity for dispossession or losses provided for in Article 5 paragraphs (3) and (7) mentioned above as well as any payment due by virtue of subrogation in pursuance of Article 7 of this Agreement.

2) Nationals of each Contracting Party, who have been authorized to work in the territory of the other Contracting Party by way of an approved investment, shall be allowed to transfer their earnings and other remuneration.

3) The transfer referred to in the foregoing paragraphs shall be effected without delay, in freely convertible currencies, at the official exchange rate prevailing on the date of transfer for the currency to be transferred.

Article 7. Subrogation

1) If a Contracting Party or its designated Agency ("the first Contracting Party") makes a payment as a guarantee it has given in respect of an investment in the territory of the other Contracting Party ("the second Contracting Party") the latter ("the second Contracting Party") shall recognize without prejudice to the rights of the first Contracting Party:

a) The assignment, whether by law or by legal deed, to the first Contracting Party of all the rights and claims of the indemnified party;

b) The first Contracting Party is entitled to exercises such rights and enforces such claims by virtue of subrogation to the

same extent as the indemnified party.

2) The first Contracting Party shall, under all circumstances enjoy:

a) The same treatment as concerns the rights and claims obtained by virtue of assignment; and

b) All payments received under such rights and claims which the indemnified party was entitled to receive by virtue of this Agreement with regard to the investment concerned and the returns pertaining thereto.

Article 8. Investments Covered by a Particular Commitment

Without prejudice to this Agreement, investments covered by a particular commitment between one of the Contracting Party and an investor of the

Other Contracting Party shall be governed by the terms of that particular commitment if it contains provisions more favorable than that provided in this Agreement.

Article 9. Settlements of Disputes between an Investor and a Contracting

Part y.

1) Dispute between one of the Contracting Parties and an investor of the other Contracting Party relating to investments shall, as far as possible be amicably settled between the parties to the dispute.

2) If such dispute has not been amicably settled within six months from the date on which either party to the dispute requested amicable settlement, the dispute shall upon the request of the investor concerned be submitted either to the competent jurisdiction of the Contracting Party involved in the dispute or to an international arbitration. The choice of venues for the settlement of dispute shall be binding and final.

3) Where a dispute is referred to international arbitration, the investor and the Contracting Party concerned in the dispute agree to refer it either to:

a) The International Center for the Settlement of Investment Disputes, established by the Convention on the Settlement of Investment Dispute between States and Nationals of other States opened for signature in Washington D.

C. on 18 March 1965, where both Contracting Parties are members to the Convention; or

b) An international ad hoc Arbitral Tribunal which, unless and otherwise agreed upon by the parties to the dispute, shall be established under the Arbitration Rules of the United Nations Commission on International Trade Law (UNCITRAL).

4) The Arbitral Tribunal shall settle the dispute to conformity with the substantive domestic laws of the Contracting Party in the territory or when the investment is made and such others generally recognized principles and rules of international law and this Agreement as the case may be.

5) The arbitral award shall be final and binding on both parties to the dispute and shall be executed according to the national laws of the Contracting Party in which the investment is made.

Article 10. Disputes between the Contracting Parties

1) Any dispute between the Contracting Parties concerning the interpretation or application of this Agreement should, if possible, be settled through diplomatic channel.

2) If the dispute can't be settled within a period of six months following the date on which it was raised by either Contracting Party, it shall at the request of either Contracting Party be submitted to an Arbitral Tribunal.

3) The aforesaid Arbitral Tribunal shall be constituted for each individual case in the following way:

Each Contracting Party shall appoint one member. Those two members shall then by mutual consent select a national of a third state who shall be appointed Chairman by the two Contracting Parties. The two members should be appointed within two months and the Chairman within three months from the date of notification of one of the Contracting Parties' decision to refer the dispute to arbitration.

4) If the necessary appointments have not been made within the terms specified in paragraph (3) either Contracting Party

shall, in the absence of any applicable Agreement, invite the President of the International Court of Justice to make the necessary appointments.

5) If the President of the International Court of Justice is a national of either Contracting Party or if he is otherwise prevented from discharging the said obligation, the Deputy President shall be invited to make the necessary appointments. If the Deputy President is a national of either Contracting Party or if he is otherwise prevented from discharging the said obligation, a member of the Court next in seniority who is not a national of either Contracting Party shall make the necessary appointments.

6) The Tribunal shall determine its own ruler of procedure. It shall reach its decision by a majority of votes its decisions shall be definitive and legally binding on both Contracting Parties. At the request of either Contracting Party, the Tribunal shall interpret the award. Unless otherwise decided by the Tribunal, on account of special circumstances, the cost of the arbitral procedure including the arbitrator's fees shall be borne in equal parts by the Contracting Parties.

Article 11. Entry Into Force, Amendment and Termination

The Contracting Parties shall notify to each other that their respective constitutional requirements for entry into force of this agreement have been fulfilled. This Agreement shall enter into force on the day following the date of receipt of the last notification.

This agreement shall remain in force for a period of ten years and shall extend for another same period. Unless written notice for termination is

Given by either Contracting Party twelve (12) months prior to the expiration of the Agreement.

In respect of investments made prior to the date of termination of this Agreement becomes effective, the provisions of Article 1 to 10 remain in force for a further period of ten years from the date of termination of this Agreement.

The Contracting Parties may be mutual consent, make any modification and/or amendments to the provisions of this Agreement. Any modification and/or amendment shall enter into force under the terms and conditions provided for, in this Agreement.

Done at..... on..... in duplicate in Arabic and

English languages, both texts being equally authentic. In case of divergence between the two languages, the English text shall prevail.

For the Government of the Federal Democratic Republic of Ethiopia Mr.Abi Woldemeskel General Manager, Ethiopian Investment Authority

For the Government of the People's Democratic

Republic of Algeria Mr. Mourad Medele Minster of Finance