

# **AGREEMENT BETWEEN THE BELGIUM-LUXEMBOURG ECONOMIC UNION AND THE GOVERNMENT OF THE REPUBLIC OF MOZAMBIQUE ON THE RECIPROCAL PROMOTION AND PROTECTION OF INVESTMENTS**

THE GOVERNMENT OF THE KINGDOM OF BELGIUM,  
THE WALLOON GOVERNMENT,  
THE FLEMISH GOVERNMENT,  
THE GOVERNMENT OF THE REGION OF BRUSSELS-CAPITAL, AND  
THE GOVERNMENT OF THE GRAND-DUCHY OF LUXEMBOURG on the one hand,  
AND

THE GOVERNMENT OF THE REPUBLIC OF MOZAMBIQUE, on the other hand,  
(hereinafter referred to as the Contracting Parties)

DESIRING to intensify economic co-operation to the mutual benefit of both countries and to maintain fair and equitable conditions for investments by investors of one Contracting Party in the territory of the other Contracting Party;

RECOGNISING THAT the reciprocal promotion and protection of such investments favour the expansion of the economic relations between the two Contracting Parties and stimulate investment initiatives;

RECOGNISING THAT the development of economic and business ties can promote respect for internationally recognised worker rights;

AGREEING THAT these objectives can be achieved without relaxing health, safety and environmental measures of general application; and

HAVING RESOLVED to conclude an Agreement concerning the reciprocal encouragement and protection of investments;

HAVE AGREED as follows:

## **Article 1. Definitions**

For the purposes of this Agreement:

1. "Investment" shall mean any kind of asset owned or controlled directly or indirectly by an investor of one Contracting Party in the territory of the other Contracting Party and shall include in particular, though not exclusively:

- a) a company or enterprise, or shares, stocks or other kinds of interest in a company or enterprise;
- b) movable and immovable property as well as any other rights in rem, such as mortgage, lien, pledge, usufruct and similar rights;
- c) title to money or any performance having an economic value;
- d) intellectual property rights, technical processes, trade names, know-how, goodwill and other similar rights;
- e) business concessions conferred by law, administrative decisions or under contract, including concessions to search for, develop, extract or exploit natural resources,

Goods, that under a leasing agreement are placed at the disposal of a lessee in the territory of one Contracting Party by a lessor being an investor of the other Contracting Party shall be treated not less favourably than an investment.

A change in the legal form in which assets are invested does not affect their character as Investments.

2. "Investor" of a Contracting Party shall mean:

- a) any natural person who is a national of the Kingdom of Belgium, of the Grand Duchy of Luxembourg or of the Republic of Mozambique in accordance with their respective laws;
- b) any legal person or other organisation organised in accordance with the law applicable in the Kingdom of Belgium, in the Grand-Duchy of Luxembourg or in the Republic of Mozambique; and
- c) any legal person not organised under the law of the Kingdom of Belgium, of the Grand-Duchy of Luxembourg or of the Republic of Mozambique but controlled by an investor as defined under a) or b),

3. "Returns" shall mean the amounts yielded by an investment and in particular, though not exclusively, include profit, interest, capital gains, dividends, royalties or fees.

4. "Territory" shall apply;

- a) to the territory of the Kingdom of Belgium and to the territory of the Grand Duchy of Luxembourg as well as to the maritime areas i.e. the marine and underwater areas which extend beyond the territorial waters of the Kingdom of Belgium and upon which the Kingdom of Belgium exercises, in accordance with international law, its sovereign rights and its jurisdiction for the purpose of exploring, exploiting and preserving natural resources;
- b) to the territory of the Republic of Mozambique as well as the exclusive economic zone, the seabed and subsoil, over which it exercises, in accordance with international law, sovereign rights or jurisdiction.

5. "Environmental laws" shall mean the laws and regulations, or provision thereof, in force in the Contracting Parties, the primary purpose of which is the protection of the environment, or the prevention of a danger to human, animal, or health, through:

- a) The prevention, abatement or control of the release, discharge, or emission of pollutants or environmental contaminants;
- b) The control of environmentally hazardous or toxic chemicals, substances, materials and wastes, and the dissemination of information related thereto;
- c) The protection or conservation of wild flora or fauna, including endangered species, their habitat, and specially protected natural areas in the Contracting Party's territory.

6. "Labor laws" shall mean laws and regulations, or provisions thereof in force in the Contracting Parties, that are directly related to the following internationally recognised labor rights:

- a) the right of association;
- b) the right to organise and bargain collectively;
- c) prohibition on the use of any form of forced or compulsory labor;
- d) minimum age for the employment of children;
- e) acceptable conditions of work with respect to minimum wages, hours of work, and occupational safety and health.

## **Article 2. Promotion and Protection of Investments**

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

2. Subject to the laws and regulations relating to the entry and sojourn of aliens, individuals working for an investor of one Contracting Party, as well as members of their household, shall be permitted to enter into, remain on and leave the territory of the other Contracting Party for the purpose of carrying out activities associated with investments in the territory of the latter Contracting Party.

3. Subject to the laws and regulations relating to the entry and sojourn of aliens, each Contracting Party shall permit investments covered by this Agreement to engage top managerial personnel of their choice.

4. Each Contracting Party shall at all times ensure fair and equitable treatment of the investments by investors of the other Contracting Party and shall not impair the management, maintenance, use, enjoyment or disposal thereof nor the acquisition of goods and services or the sale of their production, through unreasonable or discriminatory measures.
5. Each Contracting Party shall provide effective means of asserting claims and enforcing rights with respect to investments covered by this Agreement
6. Each Contracting Party shall ensure that its laws, regulations, administrative practices and procedures of general application, and judicatory decisions, that pertain to or affect investment covered by this Agreement are promptly published or otherwise made publicly available.
7. The investments covered by this Agreement shall enjoy full protection and security and in no case shall a Contracting Party award treatment less favourable than that required by international law. Each Contracting Party shall observe any obligation it has entered into with an investor of the other Contracting Party with regard to its investment.
8. Returns yielded from an investment shall be given the same treatment and protection as an investment.

### **Article 3. National and Most Favoured Nation Treatment of Investments**

1. Each Contracting Party shall apply to investments made in its territory by investors of the other Contracting party a treatment which is no less favourable than that accorded to investments made by its own investors or by investors of third States, whichever is the more favourable,
2. The provisions of Paragraph 1 of this Article, shall not be construed so as to oblige a Contracting Party to extend to investors of the other Contracting Party the benefit of any treatment, preference or privilege resulting from any existing or future customs union, common market or free-trade area or any other form of regional economic organisation to which either of the Contracting Parties is or may become a party.
3. The provisions of Paragraph 1 of this Article shall not apply to tax measures or to procedures provided in multilateral agreements concluded under the auspices of the World Intellectual Property Organization relating to the acquisition or maintenance of intellectual property rights.

### **Article 4. Expropriation**

1. Neither Contracting Party shall take any measures depriving, directly or indirectly, an investor of the other Contracting Party of an investment unless the following conditions are complied with:
  - a) the measures are taken in the public interest and under due process of law;
  - b) the measures are distinct and not discriminatory; and
  - c) the measures are accompanied by provisions for the payment of prompt, adequate and effective compensation, which shall be transferable without delay in a freely convertible currency.
2. Such compensation shall amount to the fair market value of the investment expropriated at the time immediately before the expropriation or impending expropriation became known in such a way as to affect the value of the investment (hereinafter referred to as the Valuation Date").

Such fair market value shall at the request of the investor be expressed in a freely convertible currency on the basis of the market rate of exchange existing for that currency on the Valuation Date. Compensation shall also include interest at a commercial rate established on a market basis from the date of determination of its amount until the date of payment.
3. The provisions of Paragraph 1 and 2 of this Article shall also apply to the returns from an investment and in the event of liquidation, to the proceeds from the liquidation.
4. Where a Contracting Party expropriates the assets of a company or an enterprise in its territory in which investors of the other Contracting Party have an investment, including through the ownership of shares, it shall ensure that the provisions of this Article are applied to the extent necessary to guarantee prompt, adequate and effective compensation in respect of their investment to such investors of the other Contracting Party.

### **Article 5. Compensation**

1. Investors of either Contracting Party who suffer losses of their investments in the territory of the other Contracting Party

due to war or other armed conflict, a state of national emergency, revolt, insurrection or riot shall be accorded, with respect to restitution, indemnification, compensation or other settlement, a treatment which is no less favourable than that accorded to its own investors or to investors of any third State, whichever is the more favourable. Resulting payments shall be transferable without delay to a freely convertible currency.

2. Without prejudice to paragraph 1 of this Article, investors of a Contracting Party who in any of the situations referred to in that paragraph, suffer losses 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 were not required by the necessity of the situation,

Shall be accorded restitution or compensation which in either case shall be prompt, adequate and effective.

## **Article 6. Transfers**

1. Each Contracting Party shall allow without delay the transfer in a freely convertible currency of payments in connection with an investment, and in particular though not exclusively:

a) The returns;

b) The proceeds from a total or partial sale or liquidation of any investment:

c) Amounts necessary for payments under a contract, including amounts necessary for repayment of loans, royalties and other payments resulting from licenses, franchises, concessions and other similar rights, as well as salaries of expatriate personnel;

d) A compensation according to Article 4 or 5; and

e) the earnings of individuals, not being its nationals, who are allowed to work in connection with an investment in its territory and other amounts appropriated for the coverage of expenses connected with the management of the investment;

f) proceeds from investments

2. Any transfer referred to in this Agreement shall be effected at the market rate of exchange existing on the day of transfer with respect to spot transactions in the currency to be transferred. In the absence of a market for foreign exchange, the rate to be used will be the most recent rate applied to inward investments or the most recent exchange rate for conversion of currencies into Special Drawing Rights, whichever is the most favourable to the investor.

## **Article 7. Environment**

1. Recognizing the right of each Contracting Party to establish its own levels of domestic environmental protection and environmental development policies and priorities, and to adopt or modify accordingly its environmental laws, each Contracting Party shall strive to continue to improve those laws.

2. The Contracting Parties recognise that it is inappropriate to encourage investment by relaxing domestic environmental laws. Accordingly; each Contracting Party shall strive to ensure that it does not waive or otherwise derogate from, or offer to waive or otherwise derogate from, such laws as an encouragement for the establishment, maintenance or expansion in its territory of an investment.

3. The Contracting Parties reaffirm their commitments under the international environmental agreements, which they have accepted. They shall strive to ensure that such commitments are fully recognised and implemented by their domestic laws.

4. The Contracting Parties recognise that co-operation between them provides enhanced opportunities to improve environmental protection standards. Upon request by either Contracting Party, the other Contracting Party shall accept to hold expert consultations on any matter falling under the purpose of this Article.

## **Article 8. Labor**

1. Recognising the right of each Contracting Party to establish its own domestic labor standards, and to adopt or modify accordingly its labor laws, each Contracting Party shall strive to ensure that its laws provide for labor standards consistent with the internationally recognised labor rights set forth in paragraph 6 of Article 1 and shall strive to improve those

standards in that light.

2. The Contracting Parties recognise that it is inappropriate to encourage investment by relaxing domestic labor laws. Accordingly, each Contracting Party shall strive to ensure that it does not waive or otherwise derogate from, or offer to waive or otherwise derogate from, such laws as an encouragement for the establishment, maintenance or expansion in its territory of an investment.

3. The Contracting Parties reaffirm their obligations as members of the International Labor Organization and their commitments under the International Labor Organization Declaration on Fundamental Principle and Rights at Work and its Follow-up. The Contracting Parties shall strive to ensure that such later principles and the internationally recognised labor rights set forth in paragraph 6 of Article 1 are recognised and protected by domestic law.

4. The Contracting Parties recognise that co-operation between them provides enhanced opportunities to improve labor standards. Upon request by either Contracting Party, the other Contracting Party shall accept to hold expert consultations on any matter falling under the purpose of this Article.

## **Article 9. Subrogation**

If a Contracting Party or its designated agency makes a payment to any of its investors under a guarantee it has granted in respect of an investment in the territory of the other Contracting Party, the latter Contracting Party shall, without prejudice to the rights of the former Contracting Party under Article 10, recognise the transfer of any right or title of such an 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 or title to the same extent as its predecessor in title.

## **Article 10. Disputes between an Investor and a Contracting Party**

1. Any dispute concerning an investment between an investor of one Contracting Party and the other Contracting Party shall, if possible, be settled amicably.

2. If any such dispute cannot be settled within six months following the date on which the dispute has been raised by the investor through written notification to the Contracting Party each Contracting Party hereby consents, to the submission of the dispute, at the investor's choice, for resolution by international arbitration to one of the fora mentioned hereafter. To this end both Parties waive the right to demand that all domestic administrative or judiciary remedies be exhausted.

i) the International Centre for Settlement of Investment Disputes (ICSID) for settlement by arbitration under the Washington Convention of 18 March 1965 on the Settlement of Investment Disputes between States and Nationals of Other States provided both Contracting Parties have adhered to the said Convention; or

ii) the Additional Facility of the Centre, if the Centre is not available under the Convention; or

iii) an ad hoc tribunal set up under Arbitration Rules of the United Nations Commission on International Trade Law (UNCITRAL). The appointing authority under the said rules shall be the Secretary General of ICSID.

If the parties to such a dispute have different opinions as to whether conciliation or arbitration is the more appropriate method of settlement, the investor shall have the right to choose.

3. For the purpose of this Article and Article 25(2)(b) of the said Washington Convention, any legal person which is constituted in accordance with the legislation of one Contracting Party and which, before a dispute arises, was controlled by an investor of the other Contracting Party, shall be treated as a national of the other Contracting Party.

4. Any arbitration under the Additional Facility Rules or under the UNCITRAL Arbitration Rules shall, at the request of either party to the dispute, be held in a state that is a party to the United Nations Convention on the Recognition and Enforcement of Foreign Arbitral Awards, done at New York, June 10, 1958 (the New York Convention).

5. The consent given by each Contracting Party in paragraph 2 and the submission of the dispute by an investor under the said paragraph shall constitute the written consent and written agreement of the parties to the dispute to its submission for settlement for the purposes of Chapter II of the Washington Convention (Jurisdiction of the Centre) and for the purpose of the Additional Facility Rules, Article 1 of the UNCITRAL Arbitration Rules and Article II of the New York Convention.

6. In any proceeding involving an investment dispute, a Contracting Party shall not assert, as a defence, counterclaim, right of set-off or for any other reason, that indemnification or other compensation for all or part of the alleged damages has been received pursuant to an insurance or guarantee contract, but the Contracting Party may require evidence that the compensating party agrees to that the investor exercises the right to claim compensation.

7. Any arbitral award rendered pursuant to this Article shall be final and binding on the parties to the dispute. Each Contracting Party shall carry out without delay the provisions of any such award and provide in its territory for the enforcement of such award.

## **Article 11. Disputes between the Contracting Parties**

1. Any dispute between the Contracting Parties concerning the interpretation or application of this Agreement shall if possible, be settled by negotiations between the Government of the two Contracting Parties.

2. If the dispute cannot thus be settled within six months, following the date on which such negotiations were requested by either Contracting Party, it shall at the request of either Contracting Party be submitted to an arbitration tribunal.

3. The arbitration tribunal shall be set up from case to case, each Contracting Party appointing one member. These two members shall then agree upon a national of a third State as their Chairman, to be appointed by the Governments of the two Contracting Parties. The members shall be appointed within two months, and the Chairman within four months, from the date either Contracting Party has advised the other Contracting Party of its wish to submit the dispute to an arbitration tribunal.

4. If the time limits referred to in Paragraph 3 of this Article have not been complied with, either Contracting Party may, in the absence of any other relevant arrangement, 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 prevented from discharging the function provided for in Paragraph 4 of this Article or is a national of either Contracting Party, the Vice-President shall be invited to make the necessary appointments. If the Vice-President is prevented from discharging the said function or is a national of either Contracting Party, the most senior member of the Court who is not incapacitated or a national of either Contracting Party shall be invited to make the necessary appointments.

6. The arbitration tribunal shall reach its decision by a majority of votes, the decision being final and binding on the Contracting Parties. Each Contracting Party shall bear the cost of the member appointed by that Contracting Party as well as the costs for its representation in the arbitration proceedings; the cost of the chairman as well as any other costs shall be borne in equal parts by the two Contracting Parties. The arbitration tribunal may, however, in its decision direct that a higher proportion of costs shall be borne by one of the Contracting Parties. In all other respects, the procedure of the arbitration tribunal shall be determined by the tribunal itself.

## **Article 12. Application of the Agreement**

1. This Agreement shall apply to all investments, whether made before or after its entry into force, but shall not apply to any dispute concerning an investment which arose, or any claim concerning an investment which was settled, before its entry into force.

2. This Agreement shall in no way restrict the rights and benefits which an investor of one Contracting Party enjoys under national or international law in the territory of the other Contracting Party.

## **Article 13. Entry Into Force, Duration and Termination**

1. The Contracting Parties shall notify each other when the constitutional requirements for entry into force of this Agreement have been fulfilled. The Agreement shall enter into force on the first day of the second month following the date of receipt of the last notification. The Agreement shall remain in force for a period of ten years.

2. Unless notice of termination is given by either Contracting Party at least six months before the expiry of its period of validity, this Agreement shall be tacitly extended each time for a further period of ten years, it being understood that each Contracting Party reserves the right to terminate the Agreement by notification given at least six months before the date of expiry of the current period of validity.

Investments made prior to the date of termination of this Agreement shall be covered by this Agreement for a period of ten years from the date of termination.

IN WITNESS WHEREOF the undersigned, duly authorised to this effect, have signed this Agreement.

BONE at Brussels, on the 18th day of July 2006 in duplicate in the Portuguese, the French, the Dutch and the English languages, all texts being equally authentic. In case of divergence of interpretation the English text shall prevail.

FOR THE BELGIUM-LUXEMBOURG ECONOMIC UNION:

For the Government of the Kingdom of Belgium

Armand DE DECKER,

Minister of Development Cooperation

FOR THE GOVERNMENT OF THE GRAND-DUCHY OF LUXEMBOURG

Alphonse BERNS

Ambassador Extraordinary and Plenipotentiary

FOR THE GOVERNMENT OF THE REPUBLIC OF MOZAMBIQUE:

Alcínda António de Abreu

Minister of Foreign Affairs and Cooperation

For the Walloon Government

Armand DE DECKER,

Minister of Development Cooperation

For the Flemish Government

Geert BOURGEOIS, Minister for Administrative Affairs, Foreign Policy, Media and Tourism

For the Government of the Region of Brussels-Capital

Armand DE DECKER,

Minister of Development Cooperation