

# **Agreement between the Government of the Lebanese Republic and the Government of the Kingdom of Morocco on the promotion and protection of investments**

The Government of the Lebanese Republic and the Government of the Kingdom of Morocco, hereinafter referred to as the Contracting Parties;

Desiring to create the appropriate conditions for the development of economic cooperation between them and deepening it for the interest of the two countries, especially through the investments of the investors of one of the two countries in the territory of the other country, and

Realizing the importance of an exchange of encouragement and the protection of investment and the extent of that contribution to stimulating the flow of capital and private initiatives to increase economic prosperity in both countries,

Have agreed on the following:

## **Article 1. Definitions**

For the purposes of this Agreement:

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1. The term "investment" means all kinds of assets owned by one of the investors of a Contracting Party and invested in the territory [the lands] of the other Contracting Party in accordance with the laws and regulations in force in each of them, and in particular:

A. Real estate and movable property and other property rights such as mortgages, rights of concessions, guarantees and other mortgages.

B. Stocks, shares, and all forms of shareholding in companies.

C. Claims to money, such as debt, bonds, or any contractual rights of financial value.

D. Industrial and intellectual property rights, which include copyrights, patents, marks, models, industrial designs, trademarks, technical knowledge, and other similar rights established by the laws of the Contracting Parties.

E. Concessions conferred by law or by virtue of a contract, including concessions for exploration, extraction or exploitation of natural resources, as well as all other rights that are given in accordance with the decision of the authority in accordance with the law.

And any change in the form in which the assets were invested does not affect their investment character.

2. The term "investor" means:

A. Every natural person who holds Moroccan nationality or Lebanese nationality in accordance with the law in force for each of the Contracting Parties.

B. Every legal person established in accordance with the law in force for each of the Contracting Parties, and whose headquarters are located in the territory [lands] of this Contracting Party.

C. Every legal entity established in accordance with the law of a third country and subjected directly or indirectly to the control of the citizens of one of the Contracting Parties or to a legal entity whose headquarters and actual economic activity are located in the territory of this Contracting Party.

when one of the aforementioned investors makes an investment in the territory of the other Contracting Party.

3. The term "income" [returns] means the net amounts resulting from investments, especially profits, interest, dividends, capital gains, royalties and fees.

4. The term "territory" means:

A. Regarding the Kingdom of Morocco: the soil of the Kingdom of Morocco, the regional sea, along the sea, and the inner depths of the water adjacent to the Moroccan shores located beyond the territorial waters and the exclusive economic zone over which Morocco exercises in accordance with internal law and international law its sovereign rights in order to explore and exploit its natural resources [continental shelf].

B. Regarding the Lebanese Republic: the lands of the Lebanese Republic, including territorial waters and the special economic zone, as well as the continental shelf that extends beyond the borders of the territorial waters over which the Lebanese Republic exercises, in accordance with internal law and international law, sovereignty, sovereignty rights, and legal jurisdiction.

## **Article 2. Investment Promotion and Protection**

1. Each Contracting Party accepts and encourages in its territory [its lands], in accordance with its laws and regulations, the investments of the other Contracting Party's investors, and creates favourable conditions for these investments.

2. Each Contracting Party shall grant fair and equitable treatment to the investments of the other Contracting Party's investors and provide them with full protection and security. It is not permissible for any Contracting Party to take discriminatory measures that hinder the management of the investments of the other Contracting Party made on its territory [its lands] or its maintenance, use, enjoyment or disposal of it.

Each Contracting Party shall ensure that the obligations entered into with regard to the investments of the other Contracting Party are complied with.

3. The investments that are subject to the requirements of a special agreement between one of the Contracting Parties and the investors of the other Contracting Party are subject to the provisions of that special agreement as long as they provide more favourable conditions than the provisions of this Agreement. Investment income [returns] in the event of reinvestment in accordance with the laws of one of the Contracting Parties shall enjoy the same protection as the original investment.

## **Article 3. Treatment of Investments**

1. Each contracting Party in its territory [its lands] shall provide to the investments of the other Contracting Party treatment no less favourable than that granted to its investor's investments or the investments of investors of any third country.

2. Each Contracting Party in its territory [its lands] shall provide to the investors of the other Contracting Party, with regard to the conduct, maintenance, use, enjoyment or disposal of their investments, treatment no less favourable than that granted to its investors or the investors of any third country.

3. Each of the Contracting Parties shall provide the facilities and permits necessary for entry, exit, residence and work of the investor and for those whose work permanently or temporarily in connection to the investment such as experts, administrators, technicians and workers, regardless of their nationality, in accordance with the legislation and laws in force in the host country.

4. The provisions of this Agreement related to the most favourable treatment granted to the investors of any Contracting Party or a third country do not oblige one of the Contracting Parties to grant the investors of the other Contracting Party any treatment, advantages, or preference resulting from the following:

A. Any economic, customs or free trade zone, or a common market, or any similar international agreement, or any form of regional economic organization in which one of the Contracting Parties is a member or joins in the future.

B. Any international agreement, arrangement, or any local legislation that relates, in whole or mainly, to the tax system.

C. Any assistance from the government allocated to its investors in the framework of national development programs and activities.

## **Article 4. Expropriation and Compensation**

1. The procedures for nationalization, expropriation, or any other measure having the same effect, hereinafter referred to as

expropriation, that one of the Contracting Parties may take, directly or indirectly, towards the investments of investors of the other Contracting Party must not be discriminatory or justified by reasons other than the public interest.

2. The Contracting Party who has expropriated the property shall grant a fair and equitable compensation in the amount of the market value of the investment in question on the day preceding the day in which the measures were taken, or the day the public was informed [made public], of the expropriation.

3. The said compensation amount must be determined and made payable without delay within a maximum period of three months from the date of implementation of the aforementioned measures. In the event of a delay in performance, interest is calculated on the market price from the date it is due to the date of performance and the compensation is paid to investors in a convertible currency as it is freely transferred.

## **Article 5. Compensation for Losses**

The investors of one of the Contracting Parties whose investments suffered losses as a result of war, armed conflict, revolution, national emergency, uprising, turmoil or other similar events in the territory of [the lands] of the other Contracting Party benefit from the latter of treatment no less favorable than that granted to its investors or the investors of any third country. The most favorable treatment is taken in regards to refunds, compensation, payments or any other settlement related to those losses.

## **Article 6. Transfers**

1. Each Contracting Party guarantees to the investors of the other Contracting Party, after performing their tax obligations, the freedom to transfer the following:

A. The invested capital including the reinvested returns or any additional amount aimed at maintaining the investment.

B. Dividends, dividends, interest, royalties, or any other ongoing returns.

C. The sums necessary to pay the investment loans or other contractual obligations that were pledged for the purpose of the investment.

D. The returns resulting from the sale or liquidation of a total or partial investment.

E. The compensation due in accordance with Articles 4 and 5.

F. The wages, salaries and other rewards that belong to the persons who are authorized to work in investing in the territory of the other contracting party, according to the exchange regulations in effect with each contracting party.

2. The transfers referred to in paragraph 1 shall be made without delay and in convertible currency and at the exchange rate in effect on the date of the transfer, in accordance with the exchange regulations in effect in the host country.

## **Article 7. Subrogation of the Investor**

1. If compensation is paid to the investor of one of the Contracting Parties according to a legal or contractual guarantee that covers the non-commercial risks of an investment in the territory of [the lands] the other Contracting Party, then the latter shall recognize to the former the substitution of the investor in all the rights and compensations.

2. Based on the guarantee granted to the concerned investment, the insured may exercise all the rights that the investor would have exercised had the insured not replaced him, including resorting to set-off.

3. Every dispute arising between one of the Contracting Parties and the insurer of the investment of the other Contracting Party, shall be settled in accordance with the provisions of Article Eight of this Agreement.

## **Article 8. Settlement of Investment Disputes**

1. Any investment dispute that arises between a Contracting Party and one of the investors of the other Contracting Party shall be settled as far as possible by mutual consent through consultations and negotiations between the parties to the dispute.

2. If the dispute can not be settled by mutual consent within six months from the date of its notification in writing, the dispute can be submitted at the choice of the investor to:

- A. The competent court of the Contracting Party , in which territory [lands] the investment has been made, or
- B. Arbitration under the International Center for the Settlement of Investment Disputes, which was established 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, or
- C. The Additional Facility Rules of the International Center for the Settlement of Investment Disputes, provided that the disputing Contracting Party or the Contracting Party of the investor is a party to the International Center for the Settlement of Investment Disputes, and not both.
- D. The provisions of the Chapter on Dispute Settlement from the Unified Agreement for Investing Arab Capital in the Arab Countries for the year 1980,
- and this choice is final and binding on the investor.

3. The Contracting Party that is a party to the dispute, cannot raise as an objection at any stage of the arbitration proceedings or enforcement of an arbitral award, a defence based on its immunity or on the fact that the investor of the other party in the dispute has obtained a compensation that partially or fully covers his losses under insurance.
4. The arbitral tribunal shall make its decisions based on the national law of the Contracting Party to the dispute in which territory [lands] the investment is invested, the rules relating to conflict of laws, the provisions of this Agreement and the special agreements that have been concluded with regard to investment as well as the principles of international law.
5. Arbitral decisions are final and binding for both parties to the dispute. Each Contracting Party shall be obligated to implement it in accordance with its national law.

## **Article 9. Settlement of Disputes between the Contracting Parties**

1. Disputes that arise between the Contracting Parties regarding the interpretation or application of this Agreement shall be settled through diplomatic means.
2. If it is not possible to settle this dispute within six months from the date of commencement of negotiations, it shall be brought before an arbitral tribunal at the request of one of the Contracting Parties.
3. The arbitral tribunal shall be composed as follows: Each Contracting Party shall appoint an arbitrator, and these two arbitrators together shall choose a third arbitrator, who must be a citizen from another country as President of the arbitral tribunal. The two arbitrators must be appointed within three months, and the President must be appointed within five months, starting from the date on which one of the Contracting Parties informs the other party of its intention to present the dispute to the arbitral tribunal.
4. If the deadlines specified in paragraph 3 of this Article are not respected, one of the Contracting Parties shall invite the President of the International Court of Justice to make the necessary appointments. If the President of the International Court of Justice has the nationality of one of the Contracting Parties, or if an impediment prevents him from exercising this task, the Vice-President shall be invited to make the necessary appointments. If the Vice-President has the nationality of one of the Contracting Parties, or if an obstacle prevents him from exercising this task, the most senior member of the International Court of Justice who is not a citizen of one of the Contracting Parties will be called to make the mentioned appointments.
5. The arbitral tribunal shall take its decisions on the basis of the provisions of this Agreement and the rules and principles of international law. Decisions are taken by a majority of votes and are final and binding for both Contracting Parties.
6. The arbitral tribunal shall determine rules pertaining to its methods of work and place of arbitration unless otherwise agreed upon between the two Contracting Parties.
7. Each Contracting Party shall bear the expenses of its arbitrator and its representation in the arbitral process. As for the expenses of the President and the rest of the expenses, they shall be divided equally between the two Contracting Parties.

## **Article 10. Scope of Application**

The provisions of this Agreement shall benefit the investments made in convertible currencies after the entry into force of this agreement by the investors of one of the Contracting Parties in the territory of [the other] Contracting Party according to the laws and regulations of the latter. Its provisions do not apply to disputes that may have arisen before it took effect.

## **Article 11. Entry Into Force and Duration**

1. This Agreement shall be submitted to ratification and shall enter into force thirty days after the date of receipt of the last written notices that the two contracting parties have completed the constitutional procedures in force in each of them.
2. This agreement will remain in effect for a period of ten years, renewed automatically for similar periods. Any of the Contracting Parties can terminate it at the end of the first ten years or the end of any extension period, by notifying the other Contracting Party in writing of his desire to terminate the work of the provisions of this Agreement, six months before the end of the period.
3. The investments made in accordance with the provisions of this Agreement shall be subject to it for a period of another ten years from the date of its termination.

Done in Rabat on Safar 27, 1418 AH, corresponding to July, A.D., in two original copies in the Arabic language.

For the Government of the Lebanese Republic,

Fouad Siniora

Acting Minister of Finance

For the Government of the Kingdom of Morocco,

Muhammad Al-Kabbaj

Minister of Finance and Foreign Investment