

# **Agreement between the Government of the United Arab Republic and the Government of the State of Kuwait on the Promotion of Transfer of Capital and Investments between Both Countries**

The Government of the United Arab Republic and the State of Kuwait, desiring to strengthen the economic cooperation bonds between them and consolidate them on the basis of achieving the best conditions for the prosperity of their respective economies, for the development of wealth, providing favorable conditions for investments by natural and legal persons from each of the countries in the territory of the other country, and to protect and promote these investments, have agreed as follows:

## **Article 1.**

For the purpose of this agreement, the following terms shall have the following meanings:

1. "Investment" means:

- a) Movable and immovable funds
- b) Company stocks
- c) Copyrights, industrial property rights and tactical operations

2. "Returns" mean the amounts yielded by an investment during a certain period and includes profits and interest

3. "Natural Persons" means:

a) With regards to the United Arab Republic – Egyptians in accordance to the definition of the Nationality and Egyptian Naturalization Law.

b) With regards to the State of Kuwait – Kuwaitis in accordance to the Kuwaiti Nationality Law.

4. "Legal Persons" means:

a) With regards to the United Arab Republic – Any legal person and any company or commercial institution possessing a legal personality established within the territory of the United Arab Republic or as per the laws observed in the United Arab Republic, regardless of whether its liabilities are limited, unlimited or shared.

b) With regards to the State of Kuwait – Commercial companies as per the Kuwaiti Commercial Companies Law, and any legal person, institution or authority established in accordance with the laws observed in Kuwait.

## **Article 2.**

Each Contracting Party shall encourage the natural and legal persons of the other Contracting Party to invest in its territory in projects approved by both governments, by guaranteeing the provision of fair and equitable treatment and full protection and security in accordance with the provisions of this agreement.

## **Article 3.**

Neither Contracting Party shall expropriate the investments of natural and legal persons of the other Contracting Party invested within its territory and approved by both governments, except for a public interest and against the payment of fair and prompt compensation. The compensation shall be of the value of the expropriated investments at the time of expropriation, where these investments shall be evaluated within a year. The value of compensation shall be transferred in the same currency/s in which the investment was made, within five years.

## **Article 4.**

Natural and legal persons of either Contracting Party that invest in the other country shall have the right to transfer yearly interest and profits on time, and retransfer capital in the same currency in which the original capital investment was made.

## **Article 5.**

For the purpose of this agreement, the exchange rate shall be determined based on the official rates set by the IMF. In case it is not available, the official exchange rate in gold or (US) Dollars or any other transferrable currency shall be used.

## **Article 6.**

1. Every dispute concerning the interpretation or application of this agreement that arises where the parties are unable to resolve it through direct negotiations should be referred, based on the request of either party, to a special arbitration tribunal.
2. The arbitration tribunal shall constitute three arbitrators. Each party shall appoint one arbitrator. The Secretary General of the League of Arab States shall appoint the third arbitrator who shall not be a national of either Contracting Party, shall not have economic interest in the subject of the dispute, and shall not be a national of a country that does not have diplomatic relationships with the Contracting Parties. The third arbitrator shall be the chairman of the arbitration tribunal.
3. The arbitral tribunal shall apply the rules and regulations of international law and customs, and the provisions of commercial practice on the subject of the dispute during arbitral proceedings and in making a decision regarding the dispute.
4. The arbitral tribunal's decisions are binding for both Contracting Parties.

## **Article 7.**

The provisions of this agreement shall apply for five years from the date of its entry into force, and is renewed automatically for an equal period/s unless either Contracting Party notifies the other Contracting Party in writing of its intention to terminate this agreement twelve months before the expiration of the first period or any of the following periods.

The provisions of this agreement shall apply to the transfer of capital and investments made during its validity period, until the rights conferred by it are resolved, provided that that does not take more than twenty years from the date of termination of the agreement.

## **Article 8.**

This agreement is subject to ratification by both Contracting Parties, each through its constitutional processes, and shall enter into force from the date of exchange of the ratification documents.

This agreement was done in Kuwait on the twelfth of Shawal year 1385 Hijri, corresponding to the second of February 1966.

For the Government of the United Arab Republic

Dr. Abdulmonem Al-Qaisoni

Deputy Prime Minister for Economic and Financial Affairs

For the Government of the State of Kuwait

Sabah Al-Ahmed Al-Jaber

Acting Minister of Finance and Oil

The Government of the State of Kuwait

Ministry of Finance and Oil Kuwait on 2 February 1966

Your excellency Deputy Prime Minister

1. It is my pleasure to refer to the Agreement on the Promotion of Transfer of Capital and Investments Between Both Countries which is considered a great step towards fostering economic bonds, promoting investments, regulating their protection and security in the future.
2. In this regard, I would like you to confirm that investments' rights of natural and legal persons that have been impacted by the laws issued by the United Arab Republic before the entry into force of this agreement will be settled as soon as possible, in accordance with the most favored nation principle, and that a financial committee will be established within a month from today to pursue the process of settling these rights until the end.
3. I would also like to suggest that this memorandum and the positive response of your government become an agreement between our governments in this regard which complements the Agreement on the Promotion of Transfer of Capital and Investments Between Both Countries signed today.

Please accept my utmost thanks and appreciation.

Sabah Al-Ahmed Al-Jaber Acting Minister of Finance and Oil Kuwait

Dr. Abdulmonem Al-Qaisoni Deputy Prime Minister for Economic and Financial Affairs Cairo

The Government of the State of Kuwait

Ministry of Finance and Oil Kuwait on 2 February 1966

Your excellency Deputy Prime Minister

1. It is my pleasure to inform your excellency that it has been agreed – within the scope of my executive authority – that my government shall pledge the loan provided by the national banks of Kuwait to the Central Bank of Egypt under the guarantee of the Government of the United Arab Republic which amounts to around fifteen million Kuwaiti Dinars, in accordance with the terms agreed upon between both parties' banks, following the approval of the Kuwaiti National Assembly of this guarantee.
2. Kindly confirm that the above also represents your government's understanding regarding the agreement that took place in this regard.

Please accept my utmost thanks and appreciation.

Sabah Al-Ahmed Al-Jaber Acting Minister of Finance and Oil Kuwait

Embassy of the United Arab Republic Kuwait on 2 February 1966

Your excellency the Minister

1. It is my honor to inform you that I have received your memorandum dated today and which stated:

"1) It is my pleasure to refer to the Agreement on the Promotion of Transfer of Capital and Investments Between Both Countries which is considered a great step towards fostering economic bonds, promoting investments, regulating their protection and security in the future.

2) In this regard, I would like you to confirm that investments' rights of natural and legal persons that have been impacted by the laws issued by the United Arab Republic before the entry into force of this agreement will be settled as soon as possible, in accordance with the most favored nation principle, and that a financial committee will be established within a month from today to pursue the process of settling these rights until the end."

2. It is my pleasure to inform your excellency of my government's agreement on your previously mentioned memorandum, and to consider that memorandum and my response thereto an agreement between our governments in this regard which complements the Agreement on the Promotion of Transfer of Capital and Investments Between Both Countries signed today.

Please accept my utmost thanks and appreciation.

Abdulmonem Al-Qaisoni Deputy Prime Minister for Economic and Financial Affairs

His Excellency Sabah Al-Ahmed Al-Jaber Acting Minister of Finance and Oil Kuwait

Embassy of the United Arab Republic Kuwait on 2 February 1966

Your excellency the Minister

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2. I would like to confirm to your excellency that the previous also represents my government's understanding regarding the agreement that took place in this regard.

Please accept my utmost thanks and appreciation.

Dr. Abdulmonem Al-Qaisoni Deputy Prime Minister for Economic and Financial Affairs

His excellency Sabah Al-Ahmed Al-Jaber Acting Minister of Finance and Oil Kuwait