AGREEMENT ON THE PROMOTION AND PROTECTION OF RECIPROCAL INVESTMENTS BETWEEN THE GOVERNMENT OF THE DEMOCRATIC SOCIAliST REPUBUC OF SRI LANKA AND THE GOVERNMENT OF THE ARAB REPUBUC OF EGYPT

THE Government of the Democratic Socialist Republic of Sri Lanka and The Government of the Arab Republic of Egypt (hereinafter referred to as the "Contracting Parties");

DESIRING to create favourable conditions for greater economic cooperation between them, and in particular for investments by investors of one Contracting Party in the territory of the other Contracting Party;

RECOGNIZING that the encouragement and reciprocal protection of such investments will be conductive to the stimulation of business initiative and will increase prosperity in both Contracting Parties;

Have agreed as follows:

Article 1. Definitions

For the purposes of this agreement:—

(1) The term "investment" means every kind of asset invested by an investor in the territory of the other Contracting Party in accordance with the laws and the regulations of that Party.

Without restricting the generality of the foregoing, the term "investment" shall include, in particular, though not exclusive:
(a) Movable and immovable property as well as any other related property rights such as mortgages, debt guarantees, liens, pledges, privileges, usufruct and similar rights;

(b) Shares, stocks and debentures of companies and any other forms of participation in a company or any business enterprise;

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

(d) Intellectual property rights including copyrights, trademarks, patents, industrial designs, technical processes, know-how, trade juridical rights and good will;

(e) Any rights conferred by laws or under contracts, relating to an investment including me concessions to search for, cultivate, extract and exploit natural resources; any change in the form in which assets are invested shall not affect their character as an investment.

(2) The term "investor" means any natural or juridical person, including the Government of a Contracting Party, who invests in me territory of the other Contracting Party:

(a) A "natural person" means with respect to either Contracting Party a natural person having me nationality of that Party in accordance with its laws; and

(b) A "juridical person" means with respect to either Contracting Party any entity established in accordance with, and recognized as a juridical person by its laws - including the government of any of the Contracting Parties such as Public institutions, corporations, foundations, private companies, firms, establishment and organizations and having permanent residence in the territory of one of the Contracting Parties.

(3) The term "returns" means any amount yielded by an investment and in particular, though not exclusive, includes, profits, dividends, interests, shares, royalties, technical assistance fee and/or other fees.

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

(5) The term "Freely convertible currency" means the currency that is widely used to make payments for international transactions and widely exchanged in principal international markets.

Article 2. Promotion and Protection of Investments

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

(2) Investments of investors of each Contracting Party shall at all limes be accorded fair and equitable treatment and shall enjoy adequate protection and security in the territory of the other Contracting Party. Neither Contracting Party shall in any way impair by unreasonable or discriminatory measures the management, maintenance, use, enjoyment or disposal of investments in its territory of investors of the other Contracting Party.

(3) The Contracting Parties shall periodically consult between themselves concerning investment opportunities within the territory of each other in various sectors of the economy, to determine where investments may be most beneficial, in the interest of both Contracting Parties.

Article 3. Investment Treatment

(1) Investments of investors of one Contracting Party in the territory of the other Contracting Party and also the returns therefrom shall receive treatment which is fair and equitable and not less favourable than that accorded in respect of the investments of the investors of any third state.

(2) Each Contracting Party shall in its territory accord, to investors of the other Contracting Party as regards to the managment, maintenance, use, enjoyment or disposal of their investments, treatment which is fair and equitable and not less favourable than that which it accords to investors of any third country.

(3) The Provisions of Paragraphs (1) and (2) of this Article shall not be construed so as to oblige one Contracting Party to extend to investors of the other Contracting Party the benefit of any treatment, preference or privilege which may be extended by the former Contracting Party by virtue of:

(a) Any exisiting or future customs union or free trade area, a common external tariff area, a common market, a monetary union or economic multilateral or international agreement or other forms of regional cooperation to which either Contracting Party is or may become a Party; or

(b) Any existing or future conventions or other international arrangements relating wholly or mainly to taxation or based on cross border trade agreements.

Article 4. Compensation for Losses

Investors of one Contracting Party whose investments in the territory of the other Contracting Party suffer losses owing to war, armed conflicts, revolution, a state of national emergency, revolt, insurrection, riot or other similar events in the territory of the latter Contracting Party shall be accorded by the latter Contracting Party, as regards restitution, indemnification, compensation or other settlements, treatment which is not less favourable than that which the latter Contracting Party grants to investors of any third state. Any payments under this article shall be prompt, adequate, effective and freely transferee.

Article 5. Nationalization and Expropriation

(1) Investments of investors of either Contracting Parties shall not be nationalized, expropriated or otherwise subjected to any other similar measures having an effect equivalent to Nationalization or expropriation (hereinafter referred to as "expropriation") in the territory of the other Contracting Party except for reasons of public interest under due process of law, on a non-discriminatory basis and provided that it is accompanied by prompt, adequate and effective compensation.

(2) Such compensation shall amount to the market value of the investment expropriated immediately before expropriation was taken or before impending expropriation became Public knowledge, which ever is the earlier shall be made without undue delay, be effectively realizable and be freely transferable.

(3) The investor of the Contracting Party shall have a right to prompt review by a judicial or other independent authority of the other Contracting Party, of his or its case and of the valuation of his or its investments in accordance with the principles set out in this Article.

(4) Where one Contracting Party expropriates the assets of a company which is incorporated or constitutes under its laws and regulations, and in which investors of the other Contracting Party own shares or other forms of participation, the provisions of this Article shall be applied.

Article 6. Transfers

(1) With regard to the investments made in its territory, each Contracting Party shall grant to investors of the other Contracting Party the right to freely transfer of payments related to their investments and returns such transfer shall include in particular though not exclusive the following:

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

(b) Compensation and other indemnities pursuant to Article (4) and (5);

(c) Proceeds accruing from the sale or liquidation, in full or partial of an investment;

(d) Funds in repayment of loans related directly to a specific investment;

(e) Additional funds necessary for the maintenance or development of an existing investment;

(f) Amounts spent for the management of an investment in the territory of the other Contracting Party.

(2) Transfers shall be effected without undue delay in freely-convertible currency at the official announced exchange rate on the date of transfers in accordance with the Laws and Procedures established by the Contracting Party in whose territory the investment was made.

Article 7. Subrogation

If a Contracting Party or its designated agency makes a payment to its own investors under a guarantee against non-commercial risks it has accorded in respect of investments in the territory of the other Contracting Party, the latter Contracting Party shall recognize;

(a) The assignment, whether under the law or pursuant to a legal transaction in that country, of any rights or claims from the investor to the former Contracting Party or its designated agency, and

(b) That the former Contracting Party or its designated agency is entitled by virtue of subrogation to exercise such claims of that investor and shall assume the obligation related to the investment.

Article 8. Settlement of Investment Disputes between a Contracting Party and an Investor of the other Contracting Party

(1) Any dispute between a Contracting Party and the investor of the other Contracting Party shall be notified in writing including a detailed information by the investor to the host party of the investment, and shall, if possible, be settled amicably.

(2) If the dispute cannot be settled in this way within six months from the date of the written notification mentioned in paragraph (1), it may be submitted upon request of the investor (his choice will be final) either to:

(a) The competent tribunal of the Contracting Party in whose territory the investment was made;

(b) The International Center for the Settlement of Investment Disputes (ICSID) established by the convention on the settlement of investment disputes between States and Nationals of the other states opened for signature in Washington D.C. on 18th March 1965, once both Contracting Parties herein become member states thereof:

(c) Regional Center for International Commercial Arbitration in Cairo;

(d) Regional Center for Arbitration - Kuala Lumpur;

(e) The International Arbitration Institute of Stockholm Chamber of Commerce;

(f) Ad - hoc Court of Arbitration established under the arbitration rules of procedures of the United Nations Commission for International Trade Law.

(3) The arbitration tribunal shall decide in accordance with:

- The provisions of this agreement;

- The national law of the Contracting Party in whose territory the investment was made;

- Principles of International Law;

(4) The arbitration decision shall be final and binding for the parties in the dispute. Each Contracting Party shall execute them in accordance with its laws.

Article 9. Settlement of Disputes between the Contracting Parties

(1) Disputes between the Contracting Parties concerning the interpretation or application of the agreement shall - if possible - be settled through negotiations between the governments the Contracting Parties.

(2) If a dispute cannot thus be settled within six months, from the start of the negotiations, it shall upon the request of either Contracting Parties be submitted to an Arbitral Tribunal in accordance with the provisions of this article.

(3) The Arbitral Tribunal shall be constituted for each individual case in the following way. Within two months of the receipt of the request for arbitration, each Contracting Party shall appoint one member of the Tribunal. These two members shall then select a national of a third State, who on approval of the two Contracting Parties shall be appointed Chairman of the Tribunal. The Chairman shall be appointed within three months from the date of appointment of the other two members.

(4) If within the periods specified in paragraph (3) of this article the necessary appointments have not been made, a request may be made by either Contracting Parties to the president of the international Court of Justice to make such appointments. If he happens to be a national of either Contracting Parties or he is otherwise prevented from discharging the said function, the vice - president shall be invited to make the appointments. If the vice - president also happens to be a national of either Contracting Party or prevented from discharging the said function, the member of the International Court of Justice next in the seniority who is not a national of either Contracting Parties shall be invited to make the appointments.

(5) The Arbitral Tribunal shall determine its own procedure and shall reach its decision by a majority of votes. Such decision shall be final and binding on both Contracting Parties. Each Contracting Party shall bear the cost of its own arbitrator and its Counsel in the arbitral proceedings; the cost of the Chairman and the remaining costs shall be borne in equal parts by both Contracting Parties.

Article 10. Application of other Rules

Where a matter is governed simultaneously this Agreement and by another international agreement to which both Contracting Parties are parties, or by general principles of international law, nothing in this Agreement shall prevent either Contracting Party or any of its investors who own investments in the territory of the other Contracting Party from taking advantage of whichever rules are the more favourable to his case.

Article 11. Application of the Agreement

The Agreement shall apply to all investments, whether made before (and remaining) or after its entry into force, but shall not apply to any dispute concerning investments which have arisen before its entry into force.

Article 12. Entry Into Force

This Agreement shall enter into force on the date of exchanging me written notification by both Contracting Parties indicating that their respective internal legal procedures have been fulfilled.

Article 13. Duration and Termination

(1) This Agreement shall remain in force for a period of ten years and shall continue in force thereafter for another similar period, or periods unless one of the Contracting Parties notifies the other Party in writing of his intention to terminate the Agreement, at least twelve months prior to the expiration of that period.

(2) With respect to investments made prior to the date of termination of this Agreement, the provisions of this Agreement shall remain effective in force for a further period of ten years from the date of termination.

(3) In witness whereof the undersigned, duly authorized thereto by their respective governments, have signed this Agreement.

Done in duplicate at Cairo on 11th March, 1996 in the Sinhalese, Arabic and English languages, all texts being equally authentic, in case of divergence of interpretation, the English text shall prevail.

For the Government of the Democratic Socialist Republic of Sri Lanka Lakshman Kadirgamar , Minister of Foreign Affairs

For the Government of the Arab Republic of Egypt Amre Moussa, Minister of Foreign Affairs