

AGREEMENT BETWEEN THE GOVERNMENT OF THE LEBANESE REPUBLIC AND THE GOVERNMENT OF THE FRENCH REPUBLIC ON THE RECIPROCAL ENCOURAGEMENT AND PROTECTION OF INVESTMENTS

The Government of the Lebanese Republic and the Government of the French Republic, hereinafter referred to as "the hereinafter referred to as "the Contracting Parties",

Desiring to strengthen economic cooperation between the two countries and to create favorable conditions for favorable conditions for Lebanese investments in France and French investments in Lebanon,

Convinced that the encouragement and protection of such investments are likely to private initiative and the transfer of capital and technology between the two countries, in the countries, in the interest of their economic development,

Have agreed on the following provisions:

Article 1. Definitions

For the purposes of this Agreement:

1. The term "investment" means all assets, such as property, rights and interests of every kind and, more particularly but not exclusively:

(a) Movable and immovable property, as well as all other real rights such as mortgages, liens, usufructs, bonds and all similar rights;

(b) Shares, stocks and other forms of participation, even if minority or indirect, in companies incorporated in the territory of one of the Contracting Parties;

(c) Bonds, debts and rights to any benefits of economic value;

(d) Intellectual, commercial and industrial property rights, such as copyrights, patents, licenses, trademarks, industrial models and designs, technical processes, know-how, registered names and goodwill;

(e) concessions granted by law or under contract, including concessions for the exploration, cultivation, extraction or exploitation of natural resources, including those located in the maritime zone of the Contracting Parties.

Any change in the form of investment of assets shall not affect their qualification as investments, provided that such change is in accordance with the legislation of the Contracting Party in whose territory or maritime zone the investment is made.

2. The term "investor" means:

- natural persons possessing the nationality of one of the Contracting Parties ;

- any legal person incorporated in the territory of one of the Contracting Parties, in accordance with the legislation of that Party and having its registered office there, or controlled directly or indirectly by nationals of one of the Contracting Parties, or by legal persons having their registered office in the territory of one of the Contracting Parties and incorporated in accordance with the legislation of that Party.

3. The term "income" means all sums produced by an investment and, in particular but not exclusively, profits, royalties, interest, capital gains and dividends during a given period.

The income from the investment and, in case of reinvestment, the income from its reinvestment shall enjoy the same protection as the investment.

4. This Agreement shall apply to the territory of each of the Contracting Parties as well as to the maritime area of each of the

Contracting Parties, hereinafter defined as the economic zone and the continental shelf which extend beyond the limits of the territorial waters of each of the Contracting Parties and over which they have, in accordance with International Law, sovereign rights and jurisdiction for the purpose of exploration, exploitation and preservation of natural resources.

Article 2. Encouragement, Admission and Protection of Investments

Each Contracting Party shall encourage and admit, within the framework of its legislation and the provisions of this Agreement, investments made by investors of the other Party in its territory and in its maritime zone.

The Contracting Parties shall, within the framework of their domestic legislation, give sympathetic consideration to applications for entry and authorisation to stay, work and travel submitted by nationals of a Contracting Party in connection with an investment made in the territory or maritime area of the other Contracting Party.

Each of the Contracting Parties undertakes to ensure, in its territory and in its maritime zone, fair and equitable treatment, in accordance with the principles of international law, to the investments of the investors of the other Party and to ensure that the exercise of the right thus recognized to fair and equitable treatment is not hindered either in law or in fact.

Article 3. National Treatment and Most-favoured-nation Treatment

Each Contracting Party shall, in its territory and maritime area, apply to investors of the other Party, in respect of their investments and activities related to such investments, treatment no less favourable than that accorded to its investors or the treatment accorded to investors of the most favoured Nation, whichever is more favourable. In this regard, nationals authorized to work in the territory and maritime area of one of the contracting parties shall not be prevented in any way from carrying out their professional activities.

This treatment shall not, however, extend to any privileges which a contracting party grants or will grant to investors of a third State by virtue of its participation in or association with a free trade area, a customs union, a common market or any other form of regional economic organization.

The provisions of this Article do not apply to tax matters.

Article 4. Expropriation and Compensation

1. Investments made by investors of either Contracting Party shall enjoy full protection and security in the territory and maritime area of the other Contracting Party.

2. The Contracting Parties shall not take measures of expropriation or nationalization or any other measures the effect of which is to dispossess, directly or indirectly, the investors of the other Party of investments belonging to them in their territory and maritime zone, except in the public interest and provided that such measures are not discriminatory or contrary to any particular undertaking.

Any dispossession measures that may be taken must give rise to the payment of prompt and adequate compensation, the amount of which, equal to the fair market value of the investments concerned, must be assessed in relation to a normal economic situation prior to any threat of dispossession.

This compensation, its amount and the terms of its payment shall be fixed at the latest on the date of the dispossession. This compensation is effectively realizable, paid without delay and freely transferable. It shall bear interest at a market rate until the date of payment.

3. The investors of one of the contracting parties whose investments have suffered losses due to war or any other armed conflict, revolution, state of national emergency or revolt occurring in the territory or maritime area of the other Contracting Party, shall be accorded by the latter treatment no less favourable than that accorded to its own investors or to those of the most favoured nation.

Article 5. Free Transfer

Each contracting Party shall, in the territory or maritime area of which investments have been made by investors of the other contracting Party, accord to such investors the free transfer of

(a) interest, dividends, profits and other income ;

(b) royalties arising from intangible rights designated in paragraph 1(d) and (e) of Article 1;

(c) payments made for the repayment of loans regularly contracted;

(d) proceeds from the sale or liquidation of all or part of the investment, including capital gains on the investment

(e) the compensation for loss or dispossession provided for in Article 4, paragraphs 2 and 3 above.

Nationals of each of the Contracting Parties who have been authorized to work in the territory or maritime zone of the other Contracting Party, in respect of an approved investment, shall also be authorized to transfer to their country of origin an appropriate portion of their remuneration.

The transfers referred to in the preceding paragraphs shall be made without delay at the official market rate of exchange applicable on the date of transfer.

Article 6. Settlement of Disputes between an Investor and a Contracting Party

Any investment dispute between one of the Contracting Parties and an investor of the other Contracting Party shall be settled amicably between the two parties concerned.

If such a dispute has not been settled within six months from the time it was raised by either party to the dispute, it shall, at the request of either party to the dispute, be submitted to arbitration by the International Centre for Settlement of Investment Disputes (ICSID), established by the Convention on the Settlement of Investment Disputes between States and Nationals of Other States, signed in Washington on March 18, 1965.

In the event that one of the Contracting Parties is not a party to the above-mentioned Agreement, the dispute shall be submitted at the request of either party to the dispute to the arbitration of an ad hoc tribunal established in accordance with the arbitration rules of the United Nations Commission on International Trade Law (UNCITRAL).

Article 7. Investment Guarantee and Subrogation

1. To the extent that the regulations of one of the Contracting Parties provide for a guarantee for investments made abroad, such guarantee may be granted, on a case-by-case basis, to investments made by investors of that Contracting Party in the territory or maritime area of the other Contracting Party.

2. Investments by investors of one of the Contracting Parties in the territory or maritime area of the other Contracting Party may not obtain the guarantee referred to in the above paragraph unless they have first obtained the approval of the latter Contracting Party.

3. If one of the Contracting Parties, by virtue of a guarantee given for an investment made in the territory or maritime zone of the other Contracting Party, makes payments to one of its investors, it is thereby subrogated to the rights and actions of that investor.

4. Such payments shall not affect the rights of the beneficiary of the guarantee to have recourse to arbitration or to pursue actions brought by such means until the proceedings have been completed.

Article 8. Specific Commitments

Investments which have been the subject of a special commitment by one Contracting Party to investors of the other Contracting Party shall, without prejudice to the provisions of this Agreement, be governed by the terms of that commitment insofar as it contains provisions more favourable than those provided for in this Agreement.

Article 9. Settlement of Disputes between Contracting Parties

1. Disputes concerning the interpretation or application of this Agreement shall be settled, if possible, through diplomatic channels.

2. If the dispute is not settled within six months from the date on which it was raised by either Contracting Party, it shall be submitted, at the request of either Contracting Party, to an arbitration tribunal.

3. The said tribunal shall be constituted for each particular case in the following manner: each Contracting Party shall appoint one member, and both members shall appoint, by mutual agreement, a national of a third State who shall be appointed President of the tribunal by both Contracting Parties. All members shall be appointed within two months of the date on which one Contracting Party has notified the other Contracting Party of its intention to submit the dispute to

arbitration.

4. If the time limits laid down in paragraph 3 above have not been observed, either Contracting Party shall, in the absence of any other agreement, invite the Secretary-General of the United Nations to make the necessary appointments. If the Secretary-General is a national of either Contracting Party or is otherwise prevented from exercising this function, the most senior Deputy Secretary-General who is not a national of either Contracting Party shall make the necessary appointments.

5. The arbitration tribunal shall take its decisions by a majority vote. These decisions are final and binding on the Contracting Parties.

The tribunal shall determine its own rules. It shall interpret the award at the request of either Contracting Party. Unless the tribunal decides otherwise, taking into account particular circumstances, the costs of the arbitration proceedings, including the fees of the arbitrators, shall be shared equally by the Contracting Parties.

Article 10. Implementation of the Agreement

It is understood that the investments defined in Article 1 must have been invested in accordance with the legislation of the Contracting Party in whose territory or maritime zone the investment is made, whether before or after the entry into force of this Agreement.

Article 11. Entry Into Force and Duration

Each of the Parties shall notify the other of the completion of the internal procedures required for the entry into force of this Agreement, which shall take effect thirty days after the date of receipt of the last notification.

The Agreement is concluded for an initial period of ten years. It shall remain in force after that period unless either Party denounces it through diplomatic channels with one year's notice.

Upon the expiration of the period of validity of this Agreement, investments made while it was in force shall continue to enjoy the protection of its provisions for an additional period of fifteen years.

This Agreement shall remain in force whether or not the Contracting Parties maintain diplomatic and consular relations.

Done at Paris, this 28th day of November 1996, in two originals, each in the French and Arabic languages. In the event of any difference in interpretation, the French text shall prevail.

For the Government of the French Republic:

Jean Arthuis

Ministry of Economy and Finance

For the Government of the Republic of Lebanon

Fouad Siniora Minister of State for Finance

Exchange of Letters

Dear Minister

I have the honor to refer to the agreement signed today between the Government of the French Republic and the Government of the Lebanese Republic on the reciprocal encouragement and protection of investments, and to inform you that the interpretation of this agreement is as follows

1. With regard to Article 2, Paragraph 3:

The following shall be considered in particular, although not exclusively, as de jure or de facto impediments to fair and equitable treatment: any discriminatory restriction on the purchase and transportation of raw and auxiliary materials, energy and fuels, as well as means of production and operation of any kind, any discriminatory impediment to the sale and

transportation of products within the country and abroad, as well as any other measures having a similar effect.

2. With respect to Article 3, Paragraph 1:

The provisions of Article 3, Paragraph 1 of this Agreement shall not be construed to restrict the application by the Government of the Republic of Lebanon of Decree No. 11614 dated January 4, 1969, as amended by Decree No. 5131 dated March 3, 1973, concerning the acquisition in Lebanon of real property rights by non-Lebanese investors. All other provisions of this agreement are not affected by this exception.

Applications made by French investors within the framework of the provisions of Decree No. 11614 shall be considered favorably by the competent authorities of the Republic of Lebanon.

The measures taken by the Republic of Lebanon within the framework of Decree 11614 relating to the acquisition in Lebanon of real property rights by investors from a Third Country shall not substantially affect the investments and investment-related activities of French investors.

I would be grateful if you could inform me of your Government's agreement with the contents of this letter.

Please accept, Mr. Minister, the assurances of my highest consideration.

Dear Mr. Minister

I have the honor to acknowledge receipt of your letter of today's date which reads as follows:

"I have the honor to refer to the agreement signed today between the Government of the French Republic and the Government of the Lebanese Republic on the reciprocal encouragement and protection of investments and to specify to you that the interpretation of this agreement is as follows:

1. With regard to Article 2, Paragraph 3:

The following shall be considered in particular, although not exclusively, as de jure or de facto impediments to fair and equitable treatment: any discriminatory restriction on the purchase and transportation of raw and auxiliary materials, energy and fuels, as well as means of production and operation of any kind, any discriminatory impediment to the sale and transportation of products within the country and abroad, as well as any other measures having a similar effect.

2. With respect to Article 3, Paragraph 1:

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The measures taken by the Republic of Lebanon within the framework of Decree 11614 relating to the acquisition in Lebanon of real property rights by investors from a Third Country shall not substantially affect the investments and investment-related activities of French investors.

I would be grateful if you could inform me of your Government's agreement with the contents of this letter.

I have the honor to confirm the agreement of my Government to the contents of this letter.