

# **Agreement between the Government of the United Arab Emirates and the Government of the Republic of Lebanon on the reciprocal promotion and protection of investments**

The Government of the United Arab Emirates and the Government of the Republic of Lebanon, hereinafter referred to as the Contracting Parties,

In their desire to strengthen economic cooperation in the mutual benefit of both countries and determination to create and maintain appropriate conditions for investment by investors of one of the Contracting Parties in the territory of the other Contracting Party.

Recognizing that the promotion of such investments and contractual protection are essential to stimulate the initiative for creating private businesses and to increase the prosperity of both countries.

We have agreed as follows:

## **Article 1. Definitions**

For the purposes of this Agreement

1. The term "investor" in respect of either Contracting Party refers to:

- a. Natural persons who, according to the law of that Contracting Party, are nationals of that Contracting Party.
- b. Legal persons, including companies, entities, businesses and other institutions created or duly established under the laws of that Contracting Party and based in the territory of that Contracting Party itself.

The provisions of this sub-paragraph also apply on the holding companies or foreign companies (offshore) which registered in either Contracting Party.

2. The term "investments" includes all types of asset (s) and includes but is not limited to:

- a. Movable and immovable property, as well as any other rights in kind, such as mortgages, reservation rights and guarantees.
- b. Stocks in companies and other types of shares in companies.
- c. Intellectual property rights, such as copyrights, patents, industrial designs or models, trademarks or service marks, distinctive marks and technical processes, technical expertise, goodwill, and other similar rights recognized by the laws of the Contracting Parties.
- d. The business privileges which granted under common law, including privileges for exploration, extraction or investment of natural resources, as well as all other rights given under the law, or under a contract or in accordance with a decision of the Authority in accordance with the law.

Any change in the form in which assets are invested or reinvested should not affect its character as an investment.

3. The term "proceeds" means the amounts resulting from the investment; includes, but not limited to, profits, profit from shares, interest, capital gains, dividends and receipts for administrative work, technical assistance or other fees regardless of the form in which the return is paid in.

4. The term "territories" means the territories of the Contracting Parties, including the territorial sea and the Special Economic Zone as well as the continental basin extending beyond the territorial waters to which the concerned Contracting Party exercises, sovereignty, sovereign rights and jurisdiction in accordance to its domestic law and to the international law.

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

1. Each Contracting Party must, insofar as possible, activate in its territory the investment by investors of the other Contracting Party and accept such investments in accordance with its laws and regulations.
2. Where a Contracting Party has accepted an investment to be invested in its territory, it shall, in accordance with its laws and regulations, grant the necessary licenses for such investment, including authorizations, for the use of senior administrative and technical personnel of their choice regardless of nationality.
3. Each Contracting Party must, within its territory, protect the investments employed in accordance with its laws and regulations by investors of the other Contracting Party and shall not be prejudiced by illegal or discriminatory procedures for the management, continuation, use, extension, sale or liquidation of such investments. In particular, each Contracting Party or its competent authorities shall issue the necessary permissions mentioned in paragraph (2) of this Article.

## **Article 3. Mfn Treatment**

1. Each Contracting Party should ensure fair and equitable treatment within its territory for the investment of the investors of the other Contracting Party. Such treatment shall not be less favorable than that accorded by each Contracting Party to the investments of its investors or the investments which made in its territory by investors of any third country, "if the latter treatment is more favorable", but in the case of Lebanon, this subparagraph does not apply to the treatment accorded to investors who are from countries members of the Arab League.
2. The MFN treatment shall not be construed so as to require a Contracting Party to grant to investors and investments of the other Contracting Party the advantages resulting from any existing or future customs or economic union, free trade zone or regional economic institution if any of the Contracting Parties is already a member of these entities, or may become a member in the future.

This transaction shall not be related to any advantage given by any Contracting Party to investors from a third country under a double taxation agreement or other agreements on a reciprocal basis about taxes matters.

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

1. Investments by investors of either Contracting Party Shall have the protection and guarantee of insurance in the territory of the other Contracting Party.
2. Neither Contracting Party has to take, directly or indirectly, expropriation or nationalization proceedings or take any other measures of the same character or effect on investments of investors of the other Contracting Party, Unless such measures are taken for the public benefit as prescribed by law on a non-discriminatory basis, upon legal means, and arrangements should be made in order to pay effective and appropriate compensation in accordance with the applicable public law and without any kind of discrimination, Such compensation should be equivalent to the value of the expropriated investments immediately prior to the date on which the expropriation or nationalization or the corresponding actual or threatening action becomes known to the public, Such compensation shall be paid without delay and shall have the usual bank interest up to (until) the date of payment, must be achievable on the ground and freely convertible, and appropriate precautions shall be taken during or before the time of expropriation, nationalization or similar procedure for the determination and payment of such compensation, the legitimacy of any expropriation, nationalization, similar procedure and the amount of compensation are subject to be reviewed by legal means.
3. The provisions of paragraph (2) of this Article also applies where a Contracting Party expropriates ownership of a company's assets established under the law in force in any part of its territory, In which investors from the other Contracting Party hold shares therein.
4. The investors of any Contracting Party whose investments incur losses in the territory of the other Contracting Party due to the outbreak of war or other armed conflict, revolution, a civil emergency or disobedience, Shall be accorded a treatment in respect returning the right to its owner or compensation for damage or recompense or other valuable compensation no less favorable than that treatment granted by the latter Contracting Party to its investors or to investors of any third country, which is more favorable, and these payments must be freely convertible.

## **Article 5. Free Conversion**

1. Each Contracting Party in its territory investments have been made by investors of the other Contracting Party to grant

such investors the free transfer of payments relating to such investments, including, but not limited to:

- a. Proceeds in accordance with paragraph (3) of Article 1 of this Agreement.
- b. Amounts relating to loans incurred or other contractual commitments which are pledged for the investment.
- c. Collected proceeds from the total or partial sale of an investment or from the transfer of ownership or liquidation.
- d. Gains and other compensation received by nationals of the other Contracting Party who are permitted to work in connection with an investment exercised in the territory of the other Contracting Party.
- e. Capital and additional amounts for the continuation or increase of investment.
- f. Compensation paid under Article 4 of this Agreement.

2. The host contracting party must allow the investors of the other party to deal with the foreign exchange market in a non-discriminatory manner and to purchase the foreign currency necessary for remittance under this article at the market exchange rate prevailing on the date of transfer.

3. The Contracting Parties undertake to facilitate the necessary procedures for the operation of such transfers without delay, in accordance with the practices of the International Financial Centers. Both Contracting Parties have to undertake to carry out the formalities required to obtain a foreign currency and effectively transfer it abroad within a period of three months, The Contracting Parties should undertake to grant the transfers referred to in this Article a treatment no less favorable than that accorded to transfers derived from investments employed by investors of any third country.

## **Article 6. The Principle of Replacing the Investor**

If either Contracting Party or its concerned agency pays to any of its investors under any financial guarantee against non-commercial risk which has been granted for an investment in the territory of the other Contracting Party and the latter Contracting Party shall without prejudice to the rights of the first mentioned Contracting Party in accordance with Article (8) of this Agreement, to acknowledge the waiver, either by law or in a legal transaction, of any proprietary right of that investor to the first Contracting Party or its designated agency. And the latter contracting party shall also recognizes the replacing of the first-mentioned Contracting Party (replacing the Investor) In respect of any such right or requirement, that Contracting Party shall have the right to emphasize the amount of the right itself as an advance payment in the ownership ( of that right).

The other Contracting Party will be entitled to make clearance between taxes, the other due general expenses which are required to pay by the investor and between what is required for it.

## **Article 7. Dispute Settlements between a Contracting Party and an Investor of the other Contracting Party**

1. For the purpose of resolving disputes relating to investments between a Contracting Party and an investor of the other Contracting Party, consultations between the parties concerned should be conducted with a view to resolving the issue as cordially as possible.

2. If such consultations do not lead to a solution within six months from the date of the written request for settlement, the investor may raise the dispute for settlement upon his choice to:

- A. The competent court of the Contracting Party that has employed the investment in its territory; or
- B. The International Center for the Settlement of Investment Disputes, in accordance with the provisions of the Agreement on the Settlement of Disputes between States and nationals of Other States, which was opened for signature in Washington, DC, on 18 March 1965, in the event that both Contracting Parties become parties to this Agreement; or
- C. An arbitral tribunal established for this purpose in accordance with the Arbitration Rules of the United Nations Commission of the International Trade Law unless otherwise agreed by the parties of the dispute.

3. The arbitral tribunal decides on the matter of dispute in accordance with the provisions of this Agreement and the rules and principles of international law in force. Arbitration decisions will be final and binding on both parties. Each Contracting Party shall implement without delay any such decision, this mentioned decision must be applied in accordance with domestic law.

4. The Contracting Party which is a party to the dispute shall not at any time during the legal proceedings of the dispute

settlement over the investment, as a defense;

To argue or to insist of its immunity or upon the fact that the investor has received compensation under an insurance contract which covering the damages or losses that are suffered in whole or in part.

## **Article 8. Dispute Settlements between the Contracting Parties**

1. Disputes between the Contracting Parties concerning the interpretation or application of the provisions of this Agreement shall be settled through diplomatic channels.

2. If both Contracting Parties are unable to reach an agreement within six months of the commencement of the negotiations, the dispute shall be submitted at the request of either Contracting Party to a three-member arbitral tribunal. Each Contracting Party has to appoint one arbitrator and these arbitrators shall designate Chairman of the arbitral tribunal who shall be a citizen of a third country.

3. If one of the Contracting Parties fails to appoint its arbitrator and didn't take into consideration the request of the other contracting party to do such appointment within two months, such arbitrator shall be appointed at the request of that latter Contracting Party by the President of the International Court of Justice.

4. If both arbitrators are unable to reach agreement on the selection of the Chairman of the Arbitral Tribunal within two months after their appointment, such President shall be appointed at the request of either Contracting Party by the President of the International Court of Justice.

5. If the President of the International Court of Justice, in the cases mentioned in paragraphs (3) and (4) of this article, prevented from completing the said task or if he is a national of either Contracting Party, such appointment shall be made by the Vice-President of the International Court of Justice , And if the latter is prevented from carrying out the said task or if he is a national of either Contracting Party, such appointment shall be made by the judge of the Court of Seniority who is not a national of either Contracting Party.

6. The arbitral tribunal reaches its decisions by a majority of the votes.

7. The arbitral tribunal issues its decisions on the basis of law and the provisions contained in this agreement over other agreements in force between the Contracting Parties as well as on the generally accepted principles of international law.

8. Taking into account, the other provisions agreed upon by the Contracting Parties, the arbitral tribunal determines its legal procedures.

9. Each Contracting Party bears the expenses of the arbitrator appointed by it and the expenses of its representation in the arbitral proceedings. The Contracting Parties jointly bear the expenses of the Chairman of the Arbitral Tribunal and the remaining expenses equally. The arbitral tribunal may establish a different regulation for expenses.

10. The decisions of the arbitral tribunal are final and binding on each Contracting Party.

## **Article 9. Other Obligations**

1. If the legislation of either Contracting Party, or the currently existing commitments under the international law or subsequently to be decided between the Contracting Parties, in addition to this Agreement; contains an arrangement, whether general or specific; grants the investments by investors from the other Contracting Party the right to better treatment than is provided for in this Agreement, then the priority of the application of that legislation will be to the extent that it is more caring ( favorable).

2. Each Contracting Party should take into account any other commitment had taken it upon itself with regard to investments invested in its territory by investors from the other Contracting Party.

## **Article 10. Investments Prior to this Agreement**

This Agreement also applies on investments made in the territory of a Contracting Party in accordance with its laws and regulations by investors of the other Contracting Party prior to the entry into force of this agreement. However, this agreement does not apply to disputes which have arisen prior to its entry into force.

## **Article 11. Relations between the Two Governments**

This Treaty is in force irrespective of whether or not there are diplomatic or consular relations between the Contracting Parties.

## **Article 12. Final Judgments**

1. This Agreement enters into force thirty days after the date on which each Contracting Party informs each other that their legal procedures for the coming into force of this Agreement have been fulfilled. The agreement is valid for a period of ten years, and will be subsequently extended for an indefinite period unless either of the Contracting Parties gives the other party a written notice of its termination and to be twelve months before the Agreement' expiration.

2. In the event of a formal notice for the termination of this Agreement is submitted, the provisions of Articles 1 to 10 remain valid for a further period of ten years for the investments which invested before the official notification is given.

IN WITNESS WHEREOF, the undersigned, being duly authorized thereto by their respective Governments, have signed this Agreement.

Done in two original copies in \_\_\_\_\_ on the 17 May 1998, in Arabic, and each copy is considered original.

For the Government of the United Arab Emirates

For the Government of the Republic of Lebanon