

# **AGREEMENT FOR THE PROMOTION AND PROTECTION OF INVESTMENTS BETWEEN THE ARAB REPUBLIC OF EGYPT AND THE FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA**

The Government of the Arab Republic of Egypt and the Government of the Federal Democratic Republic of Ethiopia (hereinafter referred to as the "Contracting Parties");

Desiring to create favorable 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 conducive 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:

The term "investment" shall mean any kind of asset invested by investors of one Contracting Party, in the territory of the other Contracting Party provided that the investment has been made in accordance with the laws and regulations of the later Contracting Party in particular, though not exclusively:

- a) Movable and immovable property as well as any other property rights in rem such as mortgages, guarantees, pledges, usufruct and similar rights;
- b) Shares, stocks and debentures of companies, or other rights, or interests in such companies;
- c) Claims to money, or to any performance having economic value associated with an investment;
- d) Intellectual property, right including copyrights, trademarks, patents, industrial designs, technical process, Know how, trade names and good will;

2. The term "investor" shall mean with regard to either Contracting Party:

- a) natural person who, according to the laws of that Contracting Party are considered to be its nationals;
- b) juridical person "such as companies, corporations, public enterprises, business associations which are constituted or otherwise duly organized under the laws of that Contracting Party and have their seat together with their economic activities in the territory of that same Contracting Party.

3. The term returns refers to income deriving from an investment in particular, profits dividends and interests, royalties and gains in value.

4. The term territory means:

- a) In respect of the Arab Republic of Egypt the territory including territorial waters as well as the exclusive economic zone and the continental shelf that extends outside the limits of the territorial waters of the Arab Republic of Egypt, over which it has jurisdiction and sovereign rights pursuant to international law;
- b) with respect of the Federal Democratic Republic of Ethiopia, the territory in which the Federal Democratic Republic of Ethiopia exercises sovereign rights or jurisdiction in accordance with its legislation and international law.

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

1. Each Contracting Party, shall encourage and create favorable conditions for Investors of the other Contracting Party to invest capital in its territory, and, subject to its right to exercise powers conferred by its laws, shall admit such capital.
2. Investment of investors of each Contracting Party shall at all times 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 investment in its territory of investors of the other Contracting Party.
3. If necessary, 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. Treatment of Investment**

1. Once an Investments is admitted, each Contracting Party shall in its territory accord investment and investors of the other Contracting Party treatment which is fair and equitable and not less favorable than that which it accords to investments and returns of investors of any third states which ever is more favorable.
2. Each Contracting Party shall in its territory accord to investors of the other Contracting Party as regards the management, use, enjoyment or disposal of their investments, treatment which is fair and equitable and not less favorable than that which is accorded to investors of any third state.
- 3-The treatment mentioned above shall not apply to any advantage or privilege accorded to investors of a third state by either Contracting Party based on the membership of that Contracting Party in customs union, Common Market, Free Trade Zone, multilateral or bilateral economic integration agreement, or based on an agreement concluded between that party and a third state on avoidance of Double Taxation or based on cross border trade arrangement.

### **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 or other armed conflicts, revolution, a state of national emergency, revolt, insurrection or riot In the territory of the latter Contracting Party shall be accorded by the latter Contracting Party, as regards restitution, indemnification, compensation or other settlement, treatment no less favorable than that which the latter Contracting Party grants to investors of any third state. Any payment made under this article shall be prompt, adequate, effective and freely transferable.

### **Article 5. Nationalization and Expropriation**

The nationalization, expropriation or any other measure of similar characteristics or effects that may be applied by the authorities of one Contracting Party against the investment in its own territory of investors of the other Contracting Party must be applied exclusively for reasons of public interest pursuant to the law of the former, and shall in no case be discriminatory. The Contracting Party adopting such measures shall pay to the investor or his legal beneficiary an adequate indemnity in convertible currency without unjustified delay.

### **Article 6. Transfer**

1. With regard to the investments made in its territory each Contracting Party shall guarantee to investors of the other Contracting Party after payment of tax the right to freely transfer the income deriving from any other payments related thereto including particularly, but not exclusively, the following:
  - a) Investment returns, as defined in Article 1;
  - b) The indemnities provided for under Article 5;
  - c) The proceeds of the sale or liquidation, in full or partial, of an investment;
  - d) The salaries, wages and other compensation received by the citizens of one Contracting Party who have obtained in the territory of other Contracting Party the corresponding work permits in relation to all approved investment, in accordance with existing laws and regulation.
2. The transfers referred to in the foregoing paragraphs shall be promptly effected at the official exchange rate prevailing on

the date of transfer.

## **Article 7. Subrogation**

In case one Contracting Party has granted any guarantee against non commercial risks in respect of an investment by its investor in the territory of the other Contracting Party, and has made payments to such investor under said guarantee, the other Contracting Party shall recognize the transfer of the right of such investor to the first mentioned Contracting Party, and the subrogation of that state shall not exceed the original rights of such investors.

## **Article 8. Settlement of Investment Disputes between a Contracting Party and Investor**

1. Any dispute concerning investment occurring between a Contracting Party and an investor shall be settled amicably between the two parties concerned.
2. If the dispute cannot be settled amicably within six months from the date of written notice of the party concerned it may be submitted upon the request of the party concerned either to:
  - a) The competent courts of the Contracting Party in whose territory the investment was made;
  - b) The International Center for Settlement of Investment Disputes (ICSID) created by the convention on the settlement of investment disputes between states and nationals of other states opened for signature in Washington D.C. on 18 March 1965, once both Contracting Parties herein become member states thereof;
  - c) Ad-hoc court of arbitration established under the arbitration rules of procedure of the United Nations Commission for International Trade Law (UNCITRAL).
3. The dispute shall be settled in accordance with:
  - a) The provisions of this agreement;
  - b) The National Law of the Contracting Party in whose territory the investment was made.
  - c) Generally recognized principles of international law.
4. The decisions 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 this agreement shall be settled through negotiation.
2. If the dispute cannot be so settled within six months from the start of the negotiation, it shall upon the request of either Contracting Party be submitted to an arbitral tribunal, in accordance with the provisions of these Articles.
3. The arbitral tribunal shall be constituted in the following way:

Each Contracting Party shall appoint an arbitrator and these two arbitrators shall then select a national of a third state who shall act as a chairperson. The arbitrators shall be appointed within three months and the chairperson within five months from the date on which either of the two Contracting Parties informed the other Contracting Party of its intention to submit the dispute to arbitration.

4. If within the periods specified in paragraph (3) of this Article, the necessary appointments have not been made, either Contracting Party may, in the absence of any other agreement, invite the president of the International Court of Justice to make the necessary appointment. If the president is a national of either Contracting Party or if he is otherwise prevented from discharging the said function, the Vice President shall be invited to make the necessary appointment. If the Vice President is a national of either Contracting Party or if he is too prevented from discharging the said function, the member of the International Court of Justice next in seniority, who is not a national of either Contracting Party, shall be invited to make the necessary appointments.
5. The arbitral tribunal shall issue its decision in accordance with the generally recognized principles of international law as well as in conformity with the present agreement.
6. 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 cost shall be borne in equal parts by both Contracting Parties.

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

1. This Agreement shall apply to investments in the territory of one Contracting Party made in accordance with its laws and regulations by investors of the other Contracting Party after the entry into force of this agreement.
2. Nothing in this agreement shall be construed to prevent a Contracting Party from taking any measures to regulate investment of foreign entitles and the framework of policies designed to preserve and promote cultural and linguistic diversity.

## **Article 11. Consultation and Exchange of Information**

Either Contracting Party may request consultations on interpretation or application of this agreement. The Contracting Party so requested shall give sympathetic consideration of the request. Upon request by either Contracting Party, information shall be exchanged on foreign investment policies, laws and regulations of the other Contracting Party that may have an impact on new investments or returns covered by this Agreement.

## **Article 12. Entry Into Force**

This Agreement will enter into force one month after the date of receipt of the final notification about completion of the constitutional procedures of the Contracting Parties

## **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 denounced in writing by either Contracting Party twelve months prior to the date of expiration.
2. In respect of investments^made prior to the date of termination of the agreement, the provisions of Articles 1-10 shall continue to be effective for a further period of five years from the date of termination of this agreement

In witness whereof; the undersigned, duly authorized thereto by their respective Governments have signed this agreement

Done In Cairo this 27th day of July, 2006, in duplicate, in the Arabic and English languages, both texts being equally authentic. In case of differences in interpretation the English text shall prevail.

For the Government of the Arab Republic Egypt

H.E. Mr. Ahmed Aboul-Gheit

Minister of Foreign Affairs

For The Government of the Federal Democratic Republic of Ethiopia

H.E Mr. Girma Birru

Minister of Trade and Industry