

AGREEMENT BETWEEN THE GOVERNMENT OF THE ARAB REPUBLIC OF EGYPT AND THE GOVERNMENT OF THE REPUBLIC OF LATVIA FOR THE PROMOTION AND PROTECTION OF INVESTMENTS

The Government of the Arab Republic of Egypt and the Government of the Republic of Latvia hereinafter referred to as the "Contracting Parties".

Desiring to create favourable conditions for greater economic co-operation 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

1 - The term "investment" shall comprise every kind of asset invested by a natural or juridical person as well as the Government of a Contracting Party, 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 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 a company;

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

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

(e) Any rights conferred by laws or under contract and any licenses and permits pursuant to law, including the concessions to search for, extract, cultivate and exploit natural resources. A change in the form in which assets are invested does not affect their character as investments.

2 - The term "investor" shall mean any natural or juridical person, including the Government of a Contracting Party who invests in the territory of the other Contracting Party:

(a) "natural person" means, with respect to either Contracting Party a natural person holding the nationality of that party in accordance with its law;

(b) "Juridical person" means, with respect to either Contracting Party, any entity incorporated or constituted in accordance with its laws and having permanent residence in the territory of one of the Contracting Party.

3 - The term "returns" means to income deriving from an investment in accordance with the definition contained above and includes, in particular, profits, dividends and interests, capital gains, royalties and fees.

4 - The term "territory" designates 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 territory waters of each of the Contracting Parties, over which they have jurisdiction and sovereign rights pursuant to international law.

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 capital in its territory, and, subject to its right to exercise powers conferred by its laws, shall admit such investments.

2 - Investments 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 investments 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 - Investments of investors of one Contracting Party in the territory of the other Contracting Party and also the returns there from shall receive treatment which is fair and equitable and not less favorable 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 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 Custom Union, Common Market, Free Trade Zone, or similar international economic agreement, or based on an agreement wholly or mainly related to taxation between that Contracting Party and a third State or based on other forms of regional cooperation.

Article 4. Compensation for Losses

1 - 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 not less favourable 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 in a freely convertible currency without delay.

2 - Without prejudice to paragraph 1 of this Article, investor of one Contracting Party who in any of the events referred to in that paragraph suffer losses in the territory of the other Contracting Party resulting from:

- a. Requisitioning of their property by its forces or authorities,
- b. Destruction of their property by its forces or authorities which was not caused in combat action or was not required by the necessity of the situation,

shall be accorded restitution of just and adequate compensation for the losses sustained during the period of the requisitioning or as a result of the destruction of the property. Resulting payments shall be freely transferable in a freely convertible currency without delay.

Article 5. Expropriation

1 - Investments of investors of either Contracting Party shall not be nationalised expropriated or subjected to measures having effect equivalent to nationalisation or expropriation (hereinafter referred to as "expropriation") in the territory of the other Contracting Party except for a public purpose. The expropriation shall be carried out under due process of law, on a non discriminatory basis and shall be accompanied by provisions for the payment of prompt, adequate and effective compensation. Such compensation shall amount to the market value of the investment expropriated immediately before expropriation or before impending expropriation became public knowledge, whichever is the earlier, shall include interest at a normal commercial rate from the date of expropriation, shall be made without delay, be effectively realizable and be freely transferable in a freely convertible currency.

2 - The investor affected shall have a right, under the law of the Contracting Party making the expropriation, to prompt review, by a judicial or other independent authority of that Contracting Party, of its case and of the valuation of its investment in accordance with the principles set out in this Article.

Article 6. Transfer

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 the income deriving there from and other payments related thereto, including particular, but not exclusively, the following:-

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

(b) The indemnities provided for under Article 4 and 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 the other Contracting Party the corresponding work permits in relation to an investment, in accordance with existing laws and regulations.

(e) Capital and additional amounts to maintain or increase the investment;

(f) Funds in repayment of loans.

2 - Transfers shall be effected without delay in freely convertible foreign currencies for the purpose of this Agreement, exchange rates shall be prevailing commercial rates effective for the current transactions at the date of transfer, unless otherwise agreed.

Article 7. Subrogation

1 - If a Contracting Party or its designated agency makes payment to its own investors under a guarantee against noncommercial risks it has accorded in respect of an investment 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 right or claim by the investor to the former Contracting Party or its designated agency, as well as;

b. That the former Contracting Party or its designated agency is entitled by virtue of subrogation to exercise the rights and enforce the claims of that investors and shall assume the obligations related to the investment.

The subrogated rights or claims shall not exceed the original rights or claims of the investor.

Article 8. Settlement of Investment Disputes

1 - Any dispute which may arise between Contracting Party and an 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 courts of the Contracting Party in whose territory the investment was made.

(b) The International Center for the 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. Regional Center for International Commercial Arbitration in Cairo.

d. 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) 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 this Article.
- 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 Chairman. The arbitrators shall be appointed within three months and the Chairman 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 any necessary appointments. 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 appointments. If the Vice President is a national of either Contracting Party or if the two are 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.

The Arbitral Tribunal shall issue its decision on the basis of the rules contained in this Agreement and in other agreements in force between the Contracting Parties, as well as of the principles of International Law. 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. Applicability of this Agreement

This Agreement shall apply to investment made in the territory of one of the Contracting Parties in accordance with its laws by investors of the other Contracting Party prior to as well as after the entry into force of this Agreement, but shall not apply to any dispute concerning an investment which arose, or any claim which was settled before its entry into force.

Article 11. Entry Into Force

This Agreement shall enter into force thirty (30) days after the date when the Contracting Parties notify each other that all legal requirements for its entry into force have been fulfilled.

Article 12. 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 before its expiration.
- 2 - In witness whereof, the under signed, duly authorized thereto by their respective, Governments, have signed the Agreement.

Done in duplicate, in Cairo on 24 April 1997, in the Arabic, Latvian and English languages, all texts being equally authentic. In case of any divergence of interpretation the English text shall prevail.

For the Government of the Arab Republic of Egypt

For the Government of the Republic of Latvia