AGREEMENT BETWEEN THE GOVERNMENT OF THE REPUBLIC OF LEBANON AND THE GOVERNMENT OF THE REPUBLIC OF BULGARIA ON MUTUAL PROMOTION AND PROTECTION OF INVESTMENTS

The Government of the Republic of Lebanon and the Government of the Republic of Bulgaria, hereinafter referred to as the "Contracting Parties",

Desiring to encourage economic co-operation to the mutual benefit of both States;

Intending to encourage and create favourable conditions for investments by investors of one Contraction Party in the territory of the other Contracting Party;

Recognizing the need to promote and protect foreign investments with the aim to foster the economic prosperity of both States;

Have agreed as follows:

Article 1. Definitions

For the purposes of this Agreement:

1. The term "investor" means with regard to either Contracting Party:

a) Any natural person who, according to the law of that Contracting Party, are considered to be its nationals;

b) Any legal entity, company, organization, partnership or other forms of association incorporated or constituted in accordance with the legislation of one Contracting Party and having its seat in the territory of this Contracting Party.

2. The term "investment" means any kind of asset established or acquired by an investor of one Contracting Party in the territory of the other Contracting Party in accordance with the legislation of the latter and shall include particularly, but not exclusively:

a) Movable and immovable property as well as other rights in rem, such as mortgages, liens and pledges;

b) Shares, stocks or other forms of participation in a company;

c) Claims to money which have been used to create an economic value or claims to any performance having an economic value including bonds, Treasury Bills or other securities, issued by the State or other local legal persons;

d) Intellectual property rights, such as copyrights, patents, industrial designs or models, trade or service marks, trade names, technical processes, know-how and goodwill;

e) Concession rights, including right to search for, extract or exploit natural resources.

The term "investment" includes also the increase in the value of the assets under "a" to "e". Any alteration of the form of an investment shall not affect its substance as investment provided that such a change shall not contravene the legislation of the Contracting Party on which territory the investment has been made. 3. The term "returns" means amounts legally yielded by an investment, and in particular, but not exclusively, includes profits, dividends, interests, capital gains, royalties, management or technical assistance or other fees, irrespective of the form in which the return is paid.

4. The term "territory" means the respective territory under the sovereignty of the Republic of Bulgaria, on one hand, or of the Republic of Lebanon, on the other hand, including the territorial sea, as well as the continental shelf and the exclusive economic zone over which the respective State exercises sovereign rights and jurisdiction in conformity with its national legislation and international law.

Article 2. Promotion and Protection of Investments

1. Each Contracting Party shall promote in its territory, as far as possible, the investments of the investors of the other Contracting Party and shall admit such investments in accordance with its legislation and shall accord them fair and equitable treatment and protection in accordance with this Agreement and its legislation.

2. When a Contracting Party shall have admitted an investment on its territory, it shall, in accordance with its legislation, grant the necessary permits to the investors of the other Contracting Party for engaging top managerial and technical personnel of their choice, regardless of nationality.

3. Each Contracting Party shall not impair by unreasonable or discriminatory measures the management, maintenance, use, enjoyment, extension, sale or liquidation of investments made in its territory by investors of the other Contracting Party.

Article 3. National Treatment and Most Favoured Nation Treatment

1. Each Contracting Party shall accord to investments of investors of the other Contracting Party made in its territory treatment which is not less favourable than that accorded to investments of its own investors or of investors of any third State, whichever is more favourable.

2. Each Contracting Party shall accord to the investors of the other Contracting Party, as regards their activities, treatment which is not less favourable than that which is accorded to its own investors or to investors of any third State, whichever is more favourable.

3. The provisions of paragraphs 1 and 2 of this Article shall not be construed so as to oblige any of the Contracting Parties to extend to the investors of the other Contracting Party the privileges which are accorded or shall be accorded to investors of a third State in connection with:

a) International agreements aiming at the establishment of or association with a free trade area, customs union, economic union or regional economic organization;

b) Agreements on avoidance of double taxation or any other arrangements relating to taxation issues.

4. Each Contracting Party retains its right to maintain, in accordance with its legislation in force at the date of the entry into force of this Agreement, exceptions from the national treatment granted in accordance with paragraphs 1 and 2 of this Article.

Article 4. Transfers

1. Each Contracting Party shall accord to the investors of the other Contracting Party after the fulfillment of all their tax obligations the free transfer of payments in connection with their investments and in particular, but not exclusively:

a) Returns according to Article 1, paragraph 3 of this Agreement;

b) Proceeds accruing from the total or partial sale, or liquidation of an investment;

c) Amounts required for loans repayment, payment of patent, license or other contractual obligations undertaken for the investment;

d) Compensation under Article 5 of this Agreement;

e) The earnings and other compensations of nationals of the other Contracting Party who are allowed to work in connection with an investment in the territory of the other Contracting Party;

f) Capital and additional amounts to maintain or increase the investment.

2. Each Contracting Party shall further ensure that transfers referred to in paragraph 1 of this Article shall be made without delay, in a freely convertible currency, at the prevailing market rate of exchange applicable on the date of the transfer. The Contracting Parties shall accord to transfers referred to in the present Article a treatment no less favourable than that accorded to transfers originated from investments made by investors of any third State.

Article 5. Expropriation and Compensation

1. Investments of the investors of either Contracting Party shall not be nationalized, expropriated or subject to measures

having an equivalent effect as nationalization or expropriation (hereinafter referred to as "expropriation") in the territory of the other Contracting Party except by virtue of law, in the public interest, on a non-discriminatory basis and against prompt, adequate and effective compensation.

2. The compensation shall amount to the market value of the investment concerned immediately before the enforcement of the expropriation act or before the impending expropriation becomes publicly known, whichever is earlier, shall be paid without delay and shall include in the case of delay an annual rate of interest equal to the 12-month LIBOR quoted for the currency in which the investment has been made, until the date of payment.

3. The legality of such expropriation or the amount of compensation shall be subject to review by due process of law.

4. Investors of one of the Contracting Parties, whose investments suffer losses in the territory of the other Contracting Party due to war, other armed conflict, revolution, state of emergency, coup d'etat, civil riots or rebellion shall be accorded treatment, as regards restitution, indemnification, compensation or other settlement, no less favourable than that which the latter Contracting Party accords to its own investors or to investors of any third State whichever is more favourable.

Article 6. Subrogation

If either Contracting Party (hereafter in this Article referred to as the "first Contracting Party") or its designated agency makes payment to one of its investors under a financial guarantee against non-commercial risks it has granted in regard of an investment in the territory of the other Contracting Party (hereafter referred to as the "other Contracting Party"), the other Contracting Party shall recognise, by virtue of the principle of subrogation, the assignment of any rights and claims of that investor to the first Contracting Party or its designated agency. The first Contracting Party shall not obtain rights and make claims exceeding those of the relevant investor.

Article 7. Settlement of Disputes between a Contracting Party and an Investor of the other Contracting Party

1. In case of disputes between an investor of one of the Contracting Parties and the other Contracting Party, concerning the obligations of the latter Contracting Party arising under this Agreement in connection with an investment made by the investor shall be settled, as far as it is possible, through negotiations.

2. If such a dispute can not be settled within three months from the date either Party to the dispute requested settlement through negotiations, the investor concerned may submit the dispute to the competent Court of the Contracting Party, in whose territory the investment was made or alternatively to the Centre for Settlement of Investment Disputes (ICSID), set up by the Convention on the Settlement of Investment disputes between States and Nationals of the other States, opened for signature at Washington, on March 18, 1965, provided that both Contracting Parties are parties to the Convention or to an ad-hoc arbitral tribunal, to be established under the arbitration rules of the United Nations Commission on International Trade Law (UNCITRAL). The choice made as per this paragraph is final.

3. For the purpose of this Article, an investment dispute is defined as a dispute involving (a) the interpretation or application of an investment agreement between a Contracting Party and an investor of the other Contracting Party; (b) an alleged breach of any right conferred or created by this Agreement with respect to an investment.

4. The arbitral tribunal shall reach its decision on the basis of the national legislation of the Contracting Party which is party to the dispute, the provisions of the present Agreement, as well as the generally accepted principles of international law.

5. The arbitral decision shall be final and binding on both parties to the dispute and it shall be executed in accordance with the national legislation of the Contracting Party which is party to the dispute.

Article 8. Settlement of Disputes between Contracting Parties

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

2. If such a dispute between the Contracting Parties can not be settled in this manner within six months after the beginning of the negotiations, it may be submitted to an Arbitral Tribunal upon request of either Contracting Party.

3. Such an Arbitral tribunal shall be constituted for each particular case in the following way: within three months after the request for arbitration has been received, each Contracting Party shall appoint one member of the Arbitral Tribunal. These two members shall nominate a Chairman, a national of a third State, who on approval by the two Contracting Parties shall be appointed Chairman of the Arbitral Tribunal. The Chairman shall be appointed within two months from the date of

appointment of the other two members.

4. If within the period specified in paragraph 3 of this Article the necessary appointment have not been made, either Contracting Party may, in the absence of any other agreement, invite the President of the International Court of Justice in the Hague to make any 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 prevented from discharging the same 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 appointment.

5. The Arbitral Tribunal shall reach its decision on the basis of the provisions of the present Agreement as well as the generally accepted principles and rules of international law. The tribunal determines its own procedure.

6. The Arbitral Tribunal shall reach its decision by a majority of votes. Such a decision shall be final and binding on both Contracting Parties.

7. Each Contracting Party shall bear the costs of its own member of the tribunal and of its representation in the arbitral proceedings. The costs of the Chairman and the remaining costs shall be borne by the Contracting Parties in equal parts. The Arbitral Tribunal may make a different regulation concerning costs.

Article 9. Consultations

Each Contracting Party may request from the other Contracting Party to begin consultations on all questions concerning the application and interpretation of the present Agreement. The place and the date of consultation shall be agreed upon through diplomatic channels.

Article 10. Other Obligations

1. If the legislation of either Contracting Party or obligations under international law existing at present or established hereafter between the Contracting Parties in addition to this Agreement contain a provision, whether general or specific, entitling investments by investors of the other Contracting Party to treatment more favourable than is provided for by this Agreement, such a provision shall, to the extent that it is more favourable, prevail over this Agreement.

2. Each Contracting Party shall observe any other obligation it has assumed with regard to investments in its territory by investors of the other Contracting Party.

Article 11. Application of the Agreement

The present Agreement shall also apply to investments in the territory of any Contracting Party made in accordance with its laws and regulations by investors of the other Contracting Party prior to the entry into force of this Agreement. However, the Agreement shall not apply to disputes that have arisen before its entry into force.

Article 12. Final Provisions

1. This Agreement is subject to ratification and shall enter into force thirty days after the date of the receipt of the last notification with which the Contracting Parties notify each other that their respective constitutional requirements for the entry into force of this Agreement have been fulfilled.

2. The Agreement shall remain in force for a period of ten years and shall thereafter be automatically extended for an unlimited period unless denounced in writing by either Contracting Party twelve months in advance.

3. For investments made prior to the date of termination of the present Agreement, the provisions of Articles 1 to 11 shall remain in force for a further period of ten years.

IN WITNESS THEREOF the Undersigned, being duly authorised by their respective Governments, have signed this Agreement.

Done in Beirut on June 1rst, 1999, in two originals in the Arabic, Bulgarian and English languages, all texts being equally authentic. In case of divergence the English text shall prevail.

FOR THE GOVERNMENT OF THE REPUBLIC OF LEBANON:

FOR THE GOVERNMENT OF THE REPUBLIC OF BULGARIA:

On the signing of the Agreement between the Government of the Republic of Lebanon and the Government of the Republic of Bulgaria, the undersigned have, in addition, agreed on the following provision which should be regarded as an integral part of this Agreement:

At Article 3:.

The provisions of this Article shall not prevent the Lebanese Government from applying Decree No 11614 dated 4 January, 1969 concerning the acquisition in Lebanon of the real estate rights by non-Lebanese investors.

Done in Beirut on Beirut on June 1rst, 1999, in two originals in the Arabic, Bulgarian and English languages, all texts being equally authentic. In case of divergence the English text shall prevail.

FOR THE GOVERNMENT OF THE REPUBLIC OF LEBANON:

FOR THE GOVERNMENT OF THE REPUBLIC OF BULGARIA: