

# **Agreement on Encouragement and mutual protection of investments between the Government of the Republic of Lebanon and the Government of the Sultanate of Oman**

The Government of the Republic of Lebanon and the Government of the Sultanate of Oman (hereinafter referred to as "the Contracting Parties" and each referred to as "the Contracting Party").

Desiring to expand and strengthen the existing economic cooperation between the two countries to serve their common interests and to create an appropriate climate which leads to increase investment by investors of one of the Contracting Parties in the territory of the other Contracting Party, Aware that the promotion and protection of investments will stimulate commercial initiatives and the transfer of capital and technology between them which serves their economic development.

We have agreed as follows:

## **Article 1. Definitions**

For the purposes of this Agreement

1. The term "investment" means any type of asset that is executed as an investment in accordance with the legislation of the Contracting Party which accepts to create investment on its territory, and includes but is not limited to:

- Movable and immovable property (s) and any other rights in rem such as mortgages, guarantees and any similar rights.
- Shares, share premiums and any other types of interests and shares in companies.
- Outstanding debts ( to be paid) in cash or required pursuant to any contractual obligation which have an economic values.
- Intellectual property rights, such as copyrights, patents, industrial designs or models, trademarks or service marks, distinctive marks, technical processes, technical expertise, goodwill and other similar rights recognized by the laws of the host Contracting Party.
- Technical expertise, reputation of the trade name, as well as other similar rights recognized by the laws of the Contracting Party which hosting the investment.
- Franchising rights granted under the laws in force at the contracting country which is hosting the investment, including rights related to the extraction, exploitation and searching for natural resources.

Any change in the form by which the assets are invested or reinvested should not affect their eligibility as investments, provided that such adjustment should not be inconsistent with the legislation of the Contracting Party in which the investment is made.

2. The term "Investor" means, with respect to either Contracting Party:

- a. Natural persons who, according to the law of that Contracting Party, are considered to be its nationals.
- b. Legal persons, any legal person found or established in accordance with the laws of either Contracting Party and located in the territory of that Contracting Party.

3. The term "proceeds" means all returns resulting from investment or reinvestment, including investment in technical assistance and services such as profits, royalties, capital gains, dividends, fees, interest and fees.

4. The term "territory" means the territory of each Contracting Party as defined in its laws in addition to the adjacent maritime areas to which any Contracting Party exercises sovereign or jurisdiction rights under the provisions of international law.

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

1. Each Contracting Party should, in accordance with its own legislation and with the provisions of this Agreement, adopt in its territory and maritime area the acceptance, promotion and protection of investments by investors of the other Contracting Party.
2. Each Contracting Party should, within its territory, protect the investments made in accordance with its legislation by investors of the other Contracting Party and shall not be prejudiced by unlawful, arbitrary or discriminatory procedures for the management, maintenance, use or exercise of such investments, Extension, sale or liquidation.
3. Where a Contracting Party has accepted an investment to be in its territory, it shall, in accordance with its legislation, grant the necessary licenses for such investment, including permissions for the use of senior administrative and technical officers as they chose.

## **Article 3. Treatment of Investments**

1. Each Contracting Party should, in accordance with the principles of international law, provide fair and equitable treatment to investors' investments from the other Contracting Party in its territory.
2. Each Contracting Party should, in its territory grant the investments and the proceeds of the investors who are from the other Contracting Party, a treatment not less favorable than that accorded to investment or returns of its investors also to investments and returns of investors of any third State, whichever is more favorable to investors.
3. Each Contracting Party should accord in its territory to investors of the other Contracting Party a treatment no less favorable than that accorded to its investors or investors of any third State in respect of the management, operation, maintenance and use, also for exercising of rights to sell and liquidate the investment, whichever is more suitable for investors.
4. The provisions of paragraph 2 of this Article shall not be construed as obliging either Contracting Party to grant to investors of the other Contracting Party the same treatment as is accorded to its own investors in respect of the ownership of Real Estate Rights.
5. Such treatment does not include the privileges granted by one of the Parties to nationals and companies of a third State by participation or being a member in a free trade area, customs union, common market or any form of regional economic cooperation. The provisions of this article shall not apply to tax matters.

## **Article 4. Nationalization and Expropriation**

1. Investments made by investors from one Contracting Party must be fully protected and safe in the territory of the other Contracting Party.
2. The investments of the investors of either Contracting Party should not be nationalized, expropriated or subjected to any measures having the same effects of nationalization or expropriation (hereinafter referred to as "expropriation") in the territory of the other Contracting Party unless expropriation is happening for a public interest upon a purpose related to the internal requirements of that Contracting Party, all these measure must be according to law and without discrimination.

Any expropriation proceedings that may be happened, must include immediate, adequate and effective compensation calculated on the basis of the value of the investments prevailing in the market immediately prior to the declaration of expropriation or before the decision becomes known to the public. If market value cannot be easily ascertained, compensation will be determined in accordance with the generally accepted principles of valuation and on the basis of equitable principles that take into account, inter alia, the capital invested, depreciation, the capital which is previously transferred abroad, replacement values and other related elements. This includes interest calculated on the basis of the London Interbank Offered Rate (LIBOR) applied to the currency in which the investment was made, and to be from the date of expropriation until the date of payment. The amount of compensation will be subject to review by legal means.

The said compensation must be implemented immediately, and to be paid without delay, and it must be capable of freely convertible.

## **Article 5. Compensation for Damages and Losses**

Investors from a Contracting Party whose investments are subject to losses due to war or other armed conflict or revolution

or national emergency declaration or rebellion that may occur in the territory of the other Contracting Party shall enjoy the treatment from the latter Party which is no less favorable than that which It gives it to its investors or investors of any third country, whichever is better for the investors concerned.

## **Article 6. Conversions**

1. A Contracting Party in whose territory the investment is made by investors from the other Contracting Party should guarantee to such investors the free transfer of the following:

- a. Proceeds as defined in Article 1, paragraph 3 of this Agreement, and ongoing income.
- b. Repayment of loans which has been contracted about, on a regular basis.
- c. The resulting value of the partial or total liquidation of the investment including the capital gains on the invested capital. Investors, if they liquidate their investment they altogether must pay their full financial obligations before transferring the resulting value,
- d. Compensation for expropriation or loss as described in Articles 4 and 5,
- e. Fees and allowances paid to employees of an investor in any Contracting Party who are authorized to operate in the territory of the other Contracting Party as a result of a certified investment,
- f. Capital and any capital additions that are used to maintain, increase or expand existing investments,
- g. Any compensation that may arise as a result of the dispute settlement between investors of a Contracting Party and the other Contracting Party under Article 9.
- h. The transfers referred to in the preceding paragraphs shall be effected immediately - within a period not exceeding one month - at the free market rate prevailing on the date of transfer.

## **Article 7. Replacements**

If a Contracting Party; as a result of a guarantee that granted in return of an investment made in the territory of the other Contracting Party, makes payments to its investors, the firstly mentioned Party should in such case have full rights to the replacements in respect of the rights and actions of that investor.

## **Article 8. Particular Obligation**

1. Investments which are subject of a particular obligation of either of the Contracting Parties with respect to the investors of the other Contracting Party shall, without prejudice to the provisions of this Agreement, be subject to the terms of the said obligation if the obligation contains provisions more favorable than those contained in this Agreement.
2. If the legislation of either Contracting Party or the obligations which are currently existing under the international law or subsequently to be decided between the Contracting Parties in addition to this Agreement contains an arrangement, whether public or specific, that the investments by investors of the other Contracting Party given More favorable treatment than is provided for in this Agreement, the priority of the application of such legislation will be to the extent that it is more favorable.

## **Article 9. Dispute Settlements between an Investor of a Contracting Party and the other Contracting Party**

1. Any dispute arising in respect of investments between a Contracting Party and an investor of the other Contracting Party has to be settled amicably between the parties concerned.
2. If this dispute is not settled in accordance with the provisions of paragraph (1) of this Article within a period of six months from the date of the request for settlement in writing, either party may submit the dispute to any of:
  - a. The competent court of the Contracting Party which host the investment, or
  - b. The competent entities to settle disputes according to the unified agreement for investment Arab capital in the Arab countries for 1980, or
  - c. The International Center for the Settlement of Investment Disputes (ICSID) established under the Convention on the

Settlement of Investment Disputes between States and between nationals of other States that signed in Washington on 18 March 1965, if this Agreement applies to the Contracting Parties; or

d. The additional facilities rules of the ICSID, provided that the disputed contracting party OR the contracting party which the investor related to is a member of the ICSID Convention, and not both.

In the event that either of the parties to the dispute chooses one of the previous settlement methods, it will not be entitled to choose the other methods.

3. The arbitral awards are final and binding upon both parties, and each Contracting Party shall implement them without delay for any such decision.

## **Article 10. Dispute Settlements between the Contracting Parties**

1. Disputes relating to the interpretation or application of this Agreement will be settled if possible through negotiation and by 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, at the request of either Contracting Party, be submitted to a three-member arbitral tribunal. Each Contracting Party appoints one arbitrator. Such arbitrators shall appoint a Chairman of the arbitral tribunal and to be a national of a third country having diplomatic relations with both Contracting Parties.

3. If a Contracting Party has not appointed its arbitrator and the other Contracting Party has not called for such an appointment within two months, such arbitrator shall be appointed upon the request of the other Contracting Party by the President of the International Court of Justice.

4. If both of the arbitrators are unable to reach agreement on the selection of the Chairman of the Arbitral Tribunal within one month after their appointment, this chairman and upon request of either Contracting Party, shall be appointed by the President of the International Court of Justice.

5. If, in the cases mentioned in paragraphs 3 and 4 of this article, there are some obstacles which prevents the President of the International Court of Justice from carrying out the said task or if he is a national of either Contracting Party, such appointment shall be made by the Vice-President of the Court, and If there is anything to prevent the latter from performing the said task or if he is a national of either Contracting Party, such appointment shall be made by a Senior judge of the same Court and who is not a national of either Contracting Party.

The Commission issues its own procedures. The arbitral tribunal issues judgments by a majority of the votes, and these judgments are final and binding on the Contracting Parties. At the request of either Contracting Party, it interprets the judgments it issues. The legal expenses, including the fees of the arbitrators, will be afforded by the parties unless The arbitral tribunal decides otherwise in special circumstances.

## **Article 11. Investments That Were Before the Agreement**

The provisions of this Agreement also apply to investments made in the territory of a Contracting Party in accordance with its legislation by investors of the other Contracting Party prior to the entry into force of this Agreement. However, this agreement will not apply to disputes that have arisen before its entry into force.

## **Article 12. Commencement and Duration of the Agreement**

1. This Agreement enters into force on the date of the last notification by either Contracting Party notifying the other Contracting Party in writing through diplomatic channels that it has completed the necessary legal procedures for the entry into force of this Agreement.

2. This Agreement remains in force for a period of ten years and shall continue in force for a similar period or periods if neither Contracting Party has notified the other Contracting Party in writing of its desire to terminate it at least one year before its expiry.

3. For investments made prior to the termination of the Agreement, the provisions of articles 1 to 11 remain in force for an additional period of twenty years from the date of termination of the Convention.

IN WITNESS WHEREOF, the undersigned and the Plenipotentiaries are fully authorized by their respective Governments to have signed this Convention.

Done in two copies in Beirut on this thirteenth day of the first spring of 1427 H corresponding to 11 April 2006 in Arabic and both of the copies have equal legal proofing.

For the Government of the Republic of Lebanon

Dr. Jihad Azour Minister of Finance

For the Government of the Sultanate of Oman

Ahmed bin Abdul Nabi Makki

Minister of National Economy Deputy Chairman of the Finance Council and energy resources