

# **Agreement between the Government of the Arab Republic of Egypt and the Palestinian Liberation Organization on behalf of the Palestinian National Authority on Encouragement and Reciprocal Protection of Investments**

The Government of The Arab Republic of Egypt and The Palestinian Liberation Organization that referred to as "Contracting Parties"

Taking in consideration the brotherhood and cooperation relationships between the Arab Republic of Egypt and the Palestinian Liberation Organization,

Desiring to create favourable conditions for investment and to strengthen the economic relationships between them, particularly in the field of capital investment by individuals or companies of one of the Contracting Parties in the territory of the other Contracting Party,

Realizing that the agreement on the mutual encouragement and protection of these investments according to the following provisions will be a catalyst for revitalizing initiatives in this field.

Have agreed on the followin:

## **Article 1. Definitions**

For the purposes of this Agreement:

1. The term "Investments" means any type of assets invested by the investors of one of the Contracting Parties in the territory of the other Contracting Party in accordance with the laws and regulations of the latter, including but not limited to:

- (a) Movable and immovable property, as well as property rights such as mortgages, liens guarantees, usufructs and similar rights;
- (b) Shares, stocks, bonds and any other form of participation in companies;
- (c) Claims to money or any performance under a contract, having a financial value related to the investment;
- (d) Copyright, industrial property rights, intellectual property rights, trademarks, goodwill, and similar rights;
- (e) Concession rights issued pursuant to law or contract including concessions for exploration, research, and extraction of natural recourses and their exploitation.

2. The term " Investor" means any natural or legal person who has the nationality of one of the Contracting Parties carrying out investment activities in the territory of the other Contracting Party.

(a) The term natural person refers to individuals.

(b) The legal person refers to the entities and their subsidiaries recognized as such according to the laws of the Contracting Party, like public institutions, private companies, associations, firms and organizations.

3. The term "returns" means the amounts generated from investments like profits, interests, the returns from capital, dividends, royalties and fees.

4. The term "territory" means the territory located within the international boundaries for the Contracting Party, the inland water, the territorial sea, the continental shelf, and the exclusive maritime economic zone that is subjected to the sovereignty of both Contracting Parties or for their territorial jurisdiction in accordance with the provisions of international law.

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

1. Each of the Contracting Parties shall encourage investments located in its territory by the investors of the other Contracting Party and create the appropriate conditions for it, and accept these investments according to its laws and regulations in force.
2. Each Contracting Party shall protect the investments located in its territory made by the investors of the other Contracting Party, guaranteeing that the management, maintenance, use, and disposal of these investments will not be impeded by any unfair or discriminatory procedures.
3. Both Contracting Parties shall consult periodically with the purpose of identifying investment opportunities in sectors that either of them can do in the territory of the other party to achieve their mutual benefit.

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

1. The investments of the investors of each Contracting Party in the territory of the other Contracting Party shall be treated fairly and equitably and not less favorable than the treatment granted to the investments of the investors of any third country.
2. Each Contracting Party undertakes that will not subject the investments of the other Contracting Party to a treatment that is less favorable than that accorded to its nationals.
3. The aforementioned treatment shall not apply to any privileges that are given to investors from a third country by any of the Contracting Parties based on the membership of the other Contracting Party in a customs union, common market, a free trading area, a regional or sub-regional organization or a multilateral international economic agreement, or based on an agreement between a Contracting Party and a third state about double taxation avoidance or reciprocal border trade arrangements.

## **Article 4. Expropriation**

The investments of the investors of either Contracting Party shall not be subjected to nationalization or expropriation procedures or any other measure of similar effect, in the territory of the other Contracting Party unless is required by public interest reasons, in accordance with the applicable legal procedures, without discrimination, and in return for payment of appropriate and immediate compensation, and the value of this compensation is calculated based on the actual value of the expropriated investment at the time of the expropriatory decision.

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

In the case the investments or returns of those investments of one of the Contracting Parties suffer losses in the territory of the other Contracting Party because of an armed conflict or an emergency or any similar circumstance, the other Contracting Party shall treat such investments no less favorable than the treatment granted to the investors of a third country in relation to refunds, compensation or any other procedures, and the amount payable under this Article, in an appropriate and immediate manner.

## **Article 6. Transfers**

1. Each Contracting Party shall guarantee for the investors of the other Contracting Party the right to transfer the revenues generated by the investments or related thereto, which include, among others, the following:
  - a) Invested capital and the increases of the capital.
  - b) Amounts paid in fulfillment of loans and their related interests.
  - c) The returns of the investments.
  - d) The amounts resulted from the total or partial liquidation of the investment.
  - e) The compensations provided in articles 4 and 5.
  - f) Salaries, wages, and premiums of the citizens of one of the Contracting Parties that are receiving in the territories of the other Contracting Party according to the working permits related to investments and that is in accordance with the

applicable laws and regulations.

2. The transfer shall be made in a convertible foreign currency, using simplified procedures and without delay.

## **Article 7. Subrogation**

If one of the Contracting Parties or its agencies grants a guarantee against non-commercial risks in relation to an investment made by one of its investors in the territory of the other Contracting Party and pays compensation to its investor under that guarantee, the other Contracting Party shall recognize the transfer of the rights of this investor to the first Contracting Party or its agency, as the case may be, considering that this subrogation does not exceed the original rights of the investor and is not applied unless the concerned investor has exhausted all the domestic remedies in the country that hosts the investment.

## **Article 8. Settlement of Investment Disputes**

1. The investor shall notify the Contracting Party hosting the investment of any dispute that arises between them, and that notification should be done in a written notice including detailed information about this dispute, and the Contracting Parties shall settle this dispute amicably whenever is possible.

2. If the dispute cannot be settled amicably within six months from the date of the notice of the dispute, the investor may submit the dispute to any of the following mechanisms:

a) The competent courts in the territory of the Contracting Party hosting the investment.

b) The International Center for Settling Investment Disputes (ICSID) according to the provisions of the Convention for the Settlement of Investment Disputes between States and Nationals of other States signed in Washington on 18 March 1965, if both Contracting Parties are party to it.

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

d) A special arbitration tribunal established according to arbitration rules and procedures established by the United Nations Commission for International Trade Law.

3. The dispute should be settled according to the following rules:

a) The provisions of this Agreement.

b) The domestic law of the Contracting Party hosting the investment.

c) The general principles of the international law.

4. The decision issued is final and binding for the parties to the dispute and each Contracting Party undertakes to implement it according to the provisions of its domestic law.

## **Article 9. Settlement of Disputes between the Contracting States**

1. Disputes that arise between the Contracting Parties regarding the interpretation or application of this Agreement shall be settled by negotiation.

2. If the dispute between both Contracting Parties is not settled within six months from the start of negotiations, either of the Contracting Parties may submit the dispute to an arbitral tribunal of three members.

3. The arbitral tribunal shall be constituted as follows:

Each Contracting Party shall appoint an arbitrator, and those two arbitrators shall agree to appoint a President of the tribunal who is a national from a third country. The arbitrators shall be appointed within three months and the President of the tribunal within five months from the date on which either of the Contracting Parties notified the other Contracting Party of the request to submit the dispute to the arbitral tribunal.

4. If any of the Contracting Parties does not comply with the periods specified in paragraph 3 of this Article to appoint an arbitrator or the two arbitrators do not agree on the appointment of the President, either Contracting Party may request the President of the International Court of Justice to make these appointments, and if the President of the International Court of Justice is a national of one of the Contracting Parties or if there is any reason preventing him from performing this task, the Vice-President of the Court may be required to carry out the appointment procedure. If the Vice-

President is a national of one of the Contracting Parties or there is any reason preventing him from performing the aforementioned task, then the member of the International Court of Justice that follows in seniority may be required to make the requested appointment.

5. The arbitration tribunal, in its consideration of the dispute, shall apply the provisions of the present Agreement and other agreements in force between the Contracting Parties and the rules of the international law.

6. The decisions of the tribunal are issued by a majority and are binding and final. Each Contracting Party shall bear the costs of its own arbitrator and its representatives, and the rest of the expenses shall be borne equally by the Contracting Parties.

## **Article 10. Validity of the Agreement**

This Agreement shall enter into force on the date of the exchange by the Contracting Parties - by written diplomatic means - of the last notice of the completion of the legal procedures in each of the Contracting Parties, and this shall be applied also to any amendments to this Agreement.

## **Article 11. Duration and Termination**

1. This Agreement shall remain in force for a period of five years, subject to renewal. Either Contracting Party may ask to terminate the agreement and notify the other Contracting Party of this request twelve months before the expiry of the validity period of the Agreement.

2. Regarding the investments made before the termination date, the provisions of this Agreement shall remain valid for another five years starting from the termination date.

This agreement was written in Gaza on the 2nd of Moharram 1419 AH, 28th of April 1998 of two originals in the Arabic language.

For the Government of the Arab Republic of Egypt

Amr Mousa

Minister of Foreign Affairs

For the Palestinian Liberation Organization

On behalf of the National Palestinian Authority

Dr. Nabeel Shaath

Minister of Planning and International Cooperation