

# **AGREEMENT BETWEEN THE BELGIAN-LUXEMBOURG ECONOMIC UNION, on the one hand, AND THE FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA, on the other hand, ON THE RECIPROCAL PROMOTION AND PROTECTION OF INVESTMENTS**

THE GOVERNMENT OF THE KINGDOM OF BELGIUM, THE WALLOON GOVERNMENT, THE FLEMISH GOVERNMENT, AND THE GOVERNMENT OF THE REGION OF BRUSSELS-CAPITAL, AS WELL AS THE GOVERNMENT OF THE GRAND-DUCHY OF LUXEMBOURG, on the one hand,

And

THE GOVERNMENT OF THE FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA, on the other hand,

(hereinafter referred to as "the Contracting Parties"),

DESIRING to strengthen their economic cooperation by creating favourable conditions for investments by investors of one Contracting Party in the territory of the other Contracting Party,

HAVE agreed as follows:

## **Article 1. Definitions**

For the purpose of this Agreement,

1. The term "investors" shall mean:

a) The "nationals", i.e. any natural person who, according to the legislation of the Kingdom of Belgium, of the Grand-Duchy of Luxembourg or of the Federal Democratic Republic of Ethiopia, is considered as a citizen of the Kingdom of Belgium, of the Grand-Duchy of Luxembourg or of the Federal Democratic Republic of Ethiopia respectively;

b) The "companies", i.e. any legal person constituted in accordance with the legislation of the Kingdom of Belgium, of the Grand-Duchy of Luxembourg or of the Federal Democratic Republic of Ethiopia and having its registered office in the territory of the Kingdom of Belgium, of the Grand-Duchy of Luxembourg or of the Federal Democratic Republic of Ethiopia respectively.

2. The term "investments" shall mean any kind of assets and any direct or indirect contribution in cash, in kind or in services, invested or reinvested in any sector of economic activity.

The following shall more particularly, though not exclusively, be considered as investments for the purpose of this Agreement:

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

b) Shares, corporate rights and any other kind of shareholdings, including minority or indirect ones, in companies constituted in the territory of one Contracting Party;

c) Bonds, claims to money and to any performance having an economic value;

d) Copyrights, industrial property rights, technical processes, trade names and goodwill;

e) Concessions granted under public law or under contract, including concessions to explore, develop, extract or exploit natural resources.

Changes in the legal form in which assets and capital have been invested or reinvested shall not affect their designation as "investments" for the purpose of this Agreement.

3. The term "returns" shall mean the proceeds of an investment and shall include in particular, though not exclusively, profits, interests, capital gains, dividends, royalties and fees.

4. The term "territory" shall apply to:

a) The territory of the Kingdom of Belgium and to the territory of the Grand-Duchy of Luxembourg, as well as to the maritime areas, i.e. the marine and underwater areas which extend beyond the territorial waters of the Kingdom of Belgium upon which it exercises, in accordance with international law, its sovereign rights and its jurisdiction for the purpose of exploring, exploiting and preserving natural resources;

b) In respect of the Federal Democratic Republic of Ethiopia, the territory in respect of which the Federal Democratic Republic of Ethiopia exercises sovereign rights and jurisdiction.

5. The terms "environmental legislation" shall mean any legislation of the Contracting Parties, or provision thereof, the primary purpose of which is the protection of the environment, or the prevention of a danger to human, animal, or plant life or health, through:

a) The prevention, abatement or control of the release, discharge, or emission of pollutants or environmental contaminants;

b) The control of environmentally hazardous or toxic chemicals, substances, materials and wastes, and the dissemination of information related thereto;

c) The protection or conservation of wild flora or fauna, including endangered species, their habitat, and specially protected natural areas in the Contracting Party's territory.

6. The terms "labour legislation" shall mean legislation of the Kingdom of Belgium, of the Grand-Duchy of Luxembourg or of the Federal Democratic Republic of Ethiopia, or provisions thereof, that are directly related to the following internationally recognised labour rights:

a) The right of association;

b) The right to organise and bargain collectively;

c) A prohibition on the use of any form of forced or compulsory labour;

d) A minimum age for the employment of children;

e) Acceptable conditions of work with respect to minimum wages, hours of work, and occupational safety and health.

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

Each Contracting Party shall promote investments in its territory by investors of the other Contracting Party and shall accept such investments in accordance with its legislation.

## **Article 3. Protection of Investments**

1. All investments made by investors of one Contracting Party shall enjoy a fair and equitable treatment in the territory of the other Contracting Party.

2. Except for measures required to maintain public order, such investments shall enjoy continuous protection and security, i.e. excluding any unjustified or discriminatory measure which could hinder, either in law or in practice, the management, maintenance, use, possession or liquidation thereof.

## **Article 4. National and Most Favoured Nation Treatment**

1. In all matters relating to the treatment of investments, the investors of each Contracting Party shall enjoy national treatment or most-favoured-nation treatment in the territory of the other Contracting Party.

2. With respect to the operation, management, maintenance, use, enjoyment and sale or other disposal of investments, each Contracting Party shall accord, on its territory, to investors of the other Contracting Party, treatment no less favourable than that granted to its own investors or to investors of any other state if the latter is more favourable.

3. This treatment shall not include the privileges granted by one Contracting Party to investors of a third state by virtue of its participation or association in a free trade zone, customs union, common market or any other form of regional economic organisation.

4. The provisions of this article do not apply to tax matters.

## **Article 5. Environment**

1. Recognising the right of each Contracting Party to establish its own levels of domestic environmental protection and environmental development policies and priorities, and to adopt or modify accordingly its environmental legislation, each Contracting Party shall strive to ensure that its legislation provide for high levels of environmental protection and shall strive to continue to improve this legislation.

2. The Contracting Parties recognise that it is inappropriate to encourage investment by relaxing domestic environmental legislation. Accordingly, each Contracting Party shall strive to ensure that it does not waive or otherwise derogate from, or offer to waive or otherwise derogate from, such legislation as an encouragement for the establishment, maintenance or expansion in its territory of an investment.

3. The Contracting Parties reaffirm their commitments under the international environmental agreements, which they have accepted. They shall strive to ensure that such commitments are fully recognised and implemented by their domestic legislation.

4. The Contracting Parties recognise that co-operation between them provides enhanced opportunities to improve environmental protection standards. Upon request by either Contracting Party, the other Contracting Party shall accept to hold expert consultations on any matter falling under the purpose of this Article.

## **Article 6. Labour**

1. Recognising the right of each Contracting Party to establish its own domestic labour standards, and to adopt or modify accordingly its labour legislation, each Contracting Party shall strive to ensure that its legislation provide for labour standards consistent with the internationally recognised labour rights set forth in paragraph 6 of Article 1 and shall strive to improve those standards in that light.

2. The Contracting Parties recognise that it is inappropriate to encourage investment by relaxing domestic labour legislation. Accordingly, each Contracting Party shall strive to ensure that it does not waive or otherwise derogate from, or offer to waive or otherwise derogate from, such legislation as an encouragement for the establishment, maintenance or expansion in its territory of an investment.

3. The Contracting Parties reaffirm their obligations as members of the International Labour Organisation and their commitments under the International Labour Organisation Declaration on Fundamental Principles and Rights at Work and its Follow-up. The Contracting Parties shall strive to ensure that such labour principles and the internationally recognised labour rights set forth in paragraph 6 of Article 1 are recognised and protected by domestic legislation.

4. The Contracting Parties recognise that co-operation between them provides enhanced opportunities to improve labour standards. Upon request by either Contracting Party, the other Contracting Party shall accept to hold expert consultations on any matter falling under the purpose of this Article.

## **Article 7. Deprivation and Limitation of Ownership**

1. Each Contracting Party undertakes not to adopt any measure of expropriation or nationalisation or any other measure having the effect of directly or indirectly dispossessing the investors of the other Contracting Party of their investments in its territory.

2. If reasons of public purpose, security or national interest require a derogation from the provisions of paragraph 1, the following conditions shall be complied with:

- a) The measures shall be taken under due process of law;
- b) The measures shall be neither discriminatory, nor contrary to any specific commitments;
- c) The measures shall be accompanied by provisions for the payment of adequate and effective compensation.

3 Such compensation shall amount to the market value of the investments on the day before the measures were taken or

became public.

Such compensation shall be paid in any convertible currency. It shall be paid without undue delay and shall be freely transferable. It shall bear interest at the normal commercial rate from the date of the determination of its amount until the date of its payment.

4. Investors of one Contracting Party whose investments suffer losses owing to war or other armed conflict, revolution, a state of national emergency or revolt in the territory of the other Contracting Party shall be granted by the latter Contracting Party a treatment, as regards restitution, indemnification, compensation or other settlement, at least equal to that which the latter Contracting Party grants to the investors of the most favoured nation.

## **Article 8. Transfers**

1. Each Contracting Party shall grant to investors of the other Contracting Party the free transfer, without undue delay, of all payments relating to an investment, including more particularly:

- a) Amounts necessary for establishing, maintaining or expanding the investment;
- b) Amounts necessary for payments under a contract, including amounts necessary for repayment of loans, royalties and other payments resulting from licences, franchises, concessions and other similar rights, as well as salaries of expatriate personnel;
- c) Returns from investments;
- d) Returns from the total or partial liquidation of investments, including capital gains or increases in the invested capital;
- e) Compensation paid pursuant to Article 7.

2. Transfers shall be made in a freely convertible currency at the rate applicable on the day transfers are made to spot transactions in the currency used.

## **Article 9. Subrogation**

1. If one Contracting Party or any public institution of this Party pays compensation to its own investors pursuant to a guarantee providing coverage for an investment, the other Contracting Party shall recognise that the former Contracting Party or the public institution concerned is subrogated into the rights of the investors.

2. As far as the transferred rights are concerned, the other Contracting Party shall be entitled to invoke against the insurer who is subrogated into the rights of the indemnified investors the obligations of the latter under law or contract.

## **Article 10. Applicability of other Rules**

If an issue relating to investments is covered both by this Agreement and by a specific agreement or by the national legislation of one Contracting Party or by international conventions, existing or to be subscribed to by the Parties in the future, the investors of the other Contracting Party shall be entitled to avail themselves of the provisions that are the most favourable to them.

## **Article 11. Settlement of Investment Disputes**

1. Any investment dispute between an investor of one Contracting Party and the other Contracting Party shall be notified in writing by the first party to take action. The notification shall be accompanied by a sufficiently detailed memorandum.

As far as possible, the Parties shall endeavour to settle the dispute through negotiations, if necessary by seeking expert advice from a third party.

2. In the absence of an amicable settlement by direct agreement between the parties to the dispute within six months from the notification, the dispute shall be submitted, at the option of the investor, either to the competent jurisdiction of the State where the investment was made, or to international arbitration.

To this end, each Contracting Party agrees in advance and irrevocably to the settlement of any dispute by this type of arbitration. Such consent implies that both Parties waive the right to demand that all domestic administrative or judiciary remedies be exhausted.

3. In case of international arbitration, the dispute shall be submitted for settlement by arbitration to one of the hereinafter mentioned organisations, at the option of the investor:

- an ad hoc arbitral tribunal set up according to the arbitration rules laid down by the United Nations Commission on International Trade Law (U.N.C.I.T.R.A.L.);

- the International Centre for the Settlement of Investment Disputes (I.C.S.I.D.), set up by the Convention on the Settlement of Investment Disputes between States and Nationals of other States, opened for signature at Washington on March 18, 1965, when each State party to this Agreement has become a party to the said Convention. As long as this requirement is not met, each Contracting Party agrees that the dispute shall be submitted to arbitration pursuant to the Rules of the Additional Facility of the I.C.S.I.D.;

- the Arbitral Court of the International Chamber of Commerce in Paris;

- the Arbitration Institute of the Chamber of Commerce in Stockholm.

If the arbitration procedure has been introduced upon the initiative of a Contracting Party, this Party shall request the investor involved in writing to designate the arbitration organisation to which the dispute shall be referred.

4. At any stage of the arbitration proceedings or of the execution of an arbitral award, none of the Contracting Parties involved in a dispute shall be entitled to raise as an objection the fact that the investor who is the opposing party in the dispute has received compensation totally or partly covering his losses pursuant to an insurance policy or to the guarantee provided for in Article 9 of this Agreement.

5. The arbitral awards shall be final and binding on the parties to the dispute. Each Contracting Party undertakes to execute the awards in accordance with its national legislation.

## **Article 12. Disputes between the Contracting Parties Relating to the Interpretation or Application of this Agreement**

1. Any dispute relating to the interpretation or application of this Agreement shall be settled as far as possible through diplomatic channels.

2. In the absence of a settlement through diplomatic channels, the dispute shall be submitted to a joint commission consisting of representatives of the two Parties; this commission shall convene without undue delay at the request of the first party to take action.

3. If the joint commission cannot settle the dispute, the latter shall be submitted, at the request of either Contracting Party, to an arbitration court set up as follows for each individual case:

Each Contracting Party shall appoint one arbitrator within a period of two months from the date on which either Contracting Party has informed the other Party of its intention to submit the dispute to arbitration. Within a period of two months following their appointment, these two arbitrators shall appoint by mutual agreement a national of a third State as chairman of the arbitration court.

If these time limits have not been complied with, either Contracting Party shall request the President of the International Court of Justice to make the necessary appointment(s).

If the President of the International Court of Justice is a national of either Contracting Party or of a State with which one of the Contracting Parties has no diplomatic relations or if, for any other reason, he cannot exercise this function, the Vice-President of the International Court of Justice shall be requested to make the appointment(s).

4. The court thus constituted shall determine its own rules of procedure. Its decisions shall be taken by a majority of the votes; they shall be final and binding on the Contracting Parties.

5. Each Contracting Party shall bear the costs resulting from the appointment of its arbitrator. The expenses in connection with the appointment of the third arbitrator and the administrative costs of the court shall be borne equally by the Contracting Parties.

## **Article 13. Scope of Application**

This Agreement shall apply to investments made by investors of one Contracting Party in the territory of the other Contracting Party before or after its entry into force. It shall, however, not be applicable to claims arising out of disputes

which occurred prior to its entry into force.

## **Article 14. Entry Into Force, Duration and Termination**

1. This Agreement shall enter into force one month after the date of exchange of the instruments of ratification by the Contracting Parties. The Agreement shall remain in force for a period of ten years.

Unless notice of termination is given by either Contracting Party at least six months before the expiry of its period of validity, this Agreement shall be tacitly extended each time for a further period of ten years, it being understood that each Contracting Party reserves the right to terminate the Agreement by notification given at least six months before the date of expiry of the current period of validity.

2. Investments made prior to the date of termination of this Agreement shall be covered by this Agreement for a period of ten years from the date of termination.

IN WITNESS WHEREOF , the undersigned representatives, duly authorised thereto by their respective Governments, have signed this Agreement.

DONE at Brussels, on the 26th day of October 2006, in two original copies, each in the French, Dutch and English languages, all texts being equally authentic. The text in the English language shall prevail in case of divergence of interpretation.

FOR THE BELGIAN-LUXEMBOURG ECONOMIC UNION: For the Government of the Kingdom of Belgium:

Robert DEVRIESE, Minister Plenipotentiary

For the Government of the Grand-Duchy of Luxembourg :

Alphonse BERNS, Ambassador Extraordinary and Plenipotentiary

For the Walloon Government: Robert DEVRIESE, Minister Plenipotentiary

For the Flemish Government: Diane VERSTRAETEN, Secretary General, Flemish Department of Foreign Affairs

For the Government of the Region of Brussels-Capital: Robert DEVRIESE, Minister Plenipotentiary

FOR THE GOVERNMENT OF THE FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA :

Berhane GEBRE-CRISTOS, Ambassador