AGREEMENT BETWEEN THE GOVERNMENT OF THE HASHEMITE KINGDOM OF JORDAN AND THE GOVERNMENT OF THE PEOPLE'S DEMOCRATIC REPUBLIC OF ALGERIA ON THE RECIPROCAL ENCOURAGEMENT AND PROTECTION OF INVESTMENTS

The Government of the Hashemite Kingdom of Jordan and the Government of the People's Democratic Republic of Algeria, hereinafter referred to as the Contracting Parties,

Being desirous to reinforce the economic cooperation between the two states and create appropriate conditions for developing the movement of investments between Jordan and Algeria, and

Being convinced that the encouragement and protection of such investments will participate in motivating the procedures for liberation of capitals and the flow of investments and technology between both countries, in favour of the economic development and property of both of them, have agreed as follows:

Article 1. Definitions

For the purpose of implementation of this Agreement:

1. The term "investment" refers to funds, such as the various kinds of property and rights, in addition to each asset item of whatever type and each director indirect shares, whether cash, in kind or services, invested or reinvested in any economic sector of whatever kind, represented particularly and not exhaustively in the following:

i.- Movable and immovable property, as well as property in kind, such as real estate mortgage, lien, usufruct, guarantees and similar property.

ii.- Shares, stocks, company bonds and any other forms of shareholding in companies formed on the land and sea territory of either Contracting Party.

iii.- Obligations, debts and rights in all services of economic value, or any act of financial value.

iv.- Industrial ownership rights and intellectual ownership, including copyright, patents, licenses, (registered) trademarks, relief industrial patterns (models) and designs, techniques, trade names (customers), commercial secrets and professional (handicraft) know-how.

v- Trade Concessions granted sunder under a law or contract, particularly those relating to exploration, agriculture and extraction or exploitation of natural resources, including those existing in the sea territory of either Contracting Party.

The abovementioned investments must be accepted in accordance with the legislations of the Contracting Party on whose land or sea territory the investment is made.

No change in the form of investment or reinvestment may affect its description as an investment within the concept of this Agreement, provided that such concept will not be in contradiction with the legislation of the Contracting Party which carried out the investment on its land or sea territory.

2. The word "investor" means:

i.- Any physical person holding the nationality of a Contracting Party or permanent residence therein according to its laws.

ii.- Any company enjoying juridical personality, participation, consortium, organization, association or enterprise (venture) formed or established in conformity with the laws in force in a Contracting Party.

3. The term "Proceeds/returns" refers to all funds derived from and investment, and includes particularly and not

exhaustively the profits, interest, distributed profits, proceeds, share dividends, remunerations or compensations arising during a certain period from and investment or reinvestment in respect of investment returns.

The returns (proceeds) shall be applied in the country of each Contracting Party and also in the sea territory of each of them, which refers to each of the economic region and continental shelf extending beyond their continental waters over which both Contracting Parties exercise rights of sovereignty and judicial rule, in conformity with the international law applicable in this scope.

Article 2. Encouragement of Investments

Each Party shall accept, encourage and prepare appropriate circumstances, in accordance with its legislations and in conformity with the provisions of this Agreement, for the investments carried out by investors of any Contracting Party in the country or sea territory of the other Contracting Party.

Article 3. Protection of Investments

Each Contracting Party shall undertake to secure a fair and equitable treatment its land and sea territory to the investments made by investors of the other Contracting Party, be refraining from taking any unjustified or discriminatory procedure, which may impede the legal or actual running of such investments, or their maintenance, use, benefit or liquidation.

Article 4. Investment Treatment

1. Each Contracting Party shall grant on its territory, to the investments carried out by investors of the other Contracting Party, a treatment that is not less privileged than that accorded to its investors or to investors of any third party.

2. Each Contracting Party shall grant on its territory to the investors of the other Contracting Party, particularly in respect of the management, use and benefit of their investments, a treatment which is not less privileged than that accorded to its investors or to investors of a third party.

3. This treatment shall not extend to the privileges granted by a Contracting Party to investors of a third party, by virtue of their membership in a customs or economic union, common market or free exchange zone, or their participation in any type of such organizations.

4. Likewise, the treatment accorded under this Article shall not extend to the privileges granted by a Contracting Party to third party investors under an agreement for the elimination of double taxation or other type of agreement in the field of tax levy.

Article 5. Expropiation or Nationalization

1. The investments of the investors of a Contracting Party shall, in addition to the returns of these investments of a Contracting Party, benefit from full and complete protection and security.

2. The two Contracting Parties shall not take any measures for the expropriation, nationalization or any other measures entailing expropriation, directly or indirectly, from investors of the Party of the investments owned by them on their land and sea territory, unless this is due to public benefit and provided that such measures would have been taken in compliance with legal procedures and would not be discriminatory.

The expropriation measures shall be enclosed, in case these have been taken for the payment of appropriate and actual compensation, whose amount is based on the value of the relevant investments estimated according to the value of investments prevailing in the market on the eve of the day on which the measures were taken or were declared.

The amount and method for the payment of such compensation shall such compensation must be actual and must be paid without delay. An interest shall accrue for such compensation up to its payment date, and shall be computed at the official rate of interest for the Special Drawing Rights (SDR) as specified by the International Monetary Fund (IMF).

3. The investors of a Contracting Party whose investments suffer losses arising from war or any other armed conflict, such as a revolution, a national emergency case, or revolutions occurring in the land or sea territory of the other Contracting Party, shall be accorded by this latter Party a privileged treatment which is not less than that granted to its investors or to those of the most favoured State.

Article 6. Remittances (transfers)

Each Contracting Party in whose land or sea territory investments were made by investors of the other Contracting Party, shall give to those investors, after fulfilling all their tax obligations, the liberty to remit the following:-

i.- Investment returns as provided for in Article One, item three of this Agreement or similar agreements.

ii.- Returns (proceeds) arising from the incorporeal rights referred to in paragraph One and items (d) and (e) of Article one.

iii.- Payments made in settlement of loans concluded regularly.

iv.- Proceeds total or partial assignment or liquidation of the investment, including the surplus of the invested capital.

Compensations entailed by expropriation or loss of the ownership referred to in Article five (paragraphs two and three as stated above).

The remittances referred to in the preceding paragraphs shall be made without delay at the official rate exchange applied on the date of the remittance.

Article 7. Settlement of Differences between the Investor and the Hosting State

1. Any difference relating to investments arising between a Contracting Party and an investor of the other Contracting Party, shall be settled as much as possible by mutual agreement of the two relevant Parties.

2. In case the difference cannot be settled by mutual agreement of the two Parties within six months from the date of its presentation by one of the Parties to the difference, then it may be referred by the investor to either:

- The competent juridical body of the country which received the investment subject of dispute, or

- The International Center for the settlement of Investment Disputes (ISCID) set up in accordance with the Convention for the settlement of disputes concerning investments between the States and citizens of other States, which is open for signing in Washington since 18 March 1965, or

- A temporary arbitral tribunal to be formed for each case in the following manner:

Each party to the difference shall appoint an arbitrator, and both arbitrators shall appoint together a third arbitrator from the citizens of a third state to chair such tribunal. The two arbitrators, however, shall be appointed within a period of two months, and the chairman shall be appointed within a period of three months starting from the date on which the investor has notified the relevant Contracting Party of his intention to resort to resort to arbitration.

In case the abovementioned deadlines are not honored, then each Party to the dispute may request the chairman of the arbitration panel at the Stockholm chamber of Commerce to make the necessary appointments.

The special tribunal shall define its procedural rules in accordance with the arbitration rules of the United Nations Commission on International Trade Law in force.

3. For solving the difference, the national law of the Contracting Party in whose territory the investment subject of dispute is located, the provisions of this Agreement, the text of the special commitment according to which this investment might have been granted, as well as the relevant principles of international law, shall apply.

Article 8. Substitution (replacement)

Where a Contracting Party or one of its corporations has paid compensations to one of its investors existing in the country or sea territory of the other Contracting Party according to a guarantee for an investment, the other Contracting Party shall recognize the transfer of the rights of the investor receiving the compensation to such Contracting Party or to its corporation in its capacity as a guarantor.

The guarantor shall have the right, in the same capacity as the investor and within the limits of the rights transferred to it, to replace the investor in exercising the rights of such investor and the claims associated therewith.

The right of such replacement shall extend to the right of transfer provided for in Article six referred to above, and also to the right of resort to the means for the settlement of differences relating to investment as prescribed in this Agreement.

As regards such carried rights, the other Contracting Party shall be entitled, vis-à-vis the guarantor Party, to adhere to the obligations imposed by law, or under an agreement, on the investor benefiting from the compensation.

Article 9. Special Obligations

The investments subject of special agreement between a Contracting Party and an investor of the other Contracting Party, shall be governed by the provisions of the abovementioned agreement, as long as this latter one includes provisions which are more privileged than those contained in the current Agreement.

Article 10. Settlement of Differences between the Contracting Parties

1. In case this is a difference relating to the interpretation or implementation of this Agreement, it shall be settled where possible through diplomatic channels.

2. If the difference is not settled within a period of six months from the date of its submission by either Contracting Party, it shall be referred at the request of any of them to an arbitral tribunal.

3. Such tribunal shall be formed for each for each special case in the following manner:

Each Contracting Party shall appoint one member, and both members shall nominate by mutual agreement a national of a third state to be appointed as a chairman by the Contracting Parties. All members, however, shall be appointed within a period of two months from the date on which either Contracting Party declares its intention to refer the difference to arbitration.

4. In case the deadlines specified in paragraph three above are not honored, and in the absence of any other accord, either Contracting Party shall invite the president of the International Court of Justice to make the necessary appointments. But, if the Court president is a citizen of any of the Contracting Parties, or if it is not possible for him to exercise this function for other reason, then the most senior assistant secretary general, who does not hold the nationality of any of the Parties, shall be requested to make the necessary appointments.

The arbitral tribunal shall take its decisions by majority of votes, and such decisions shall be final and effective by the force of law upon both Contracting Parties.

The tribunal shall determine by itself its own procedural rules, and shall interpret its decisions at the request of either Contracting Party. The expenses pertaining to arbitration procedures, including the arbitrators salaries, shall be equally borne by both parties, unless the court resolves otherwise, due to special circumstances.

Article 11. Scope of Application to Investments

This Agreement shall apply to existing investments made, or which either Contracting Party will make, in the territory of the other Contracting Party, in conformity with its legislations, laws and regulations prior to the date of validity of this Agreement. However, this Agreement shall not apply to the differences, which would have arisen before its coming into force.

Article 12. Entry Into Force, Validity Period and Expiry of the Agreement

Each Party shall notify the other Party of the completion of its constitutional procedures for the entry of this Agreement into force, so that its validity will start one month after receiving the latter of the two notifications.

This Agreement has been concluded for and initial period of ten years, and shall remain in force after such period, unless either Party cancels it through diplomatic channels by giving a one-year prior notice to the other Party.

At the expiry of the period of this Agreement, the investments made during its validity will continue to benefit from the protection and from its provisions for and additional period of fifteen (15) years.

DONE at Amman on the first of August 1996 in two original copies, with each of them having the same legal force.

For The Government of The Hashemite Kingdom of Jordan

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