Agreement Between the Government of the Republic of Azerbaijan and the Government of the Arab Republic of Egypt on Reciprocal Promotion and Protection of Investments

The Government of the Republic of Azerbaijan and the Government of the Arab Republic of Egypt hereinafter referred to as the Contracting Parties,

Desiring to strengthen high-level economic cooperation among themselves, especially in connection with the investment of investors from one Contracting Party in the territory of the other Contracting Party;

Recognizing that such an agreement on the regime to be applied to such investment would stimulate the flow of capital and technology and the economic development of the Contracting Parties;

Agreeing that a fair and equitable investment regime is desirable in order to maintain a stable framework for the most efficient use of investment and economic resources,

Have agreed as follows:

Article 1. Definitions

For the purposes of this Agreement:

1. The term "investment" shall include, in accordance with the laws and regulations of the receiving Contracting Party, in particular, though not exclusively, any type of property:

a. stocks, securities or any other form of participation in companies.

b. reinvested income, monetary claims or any other legally enforceable investment rights;

c. movable and immovable property, as well as any other similar rights to them, such as pledge (mortgage), lease and storage rights,

d. copyright and industrial property rights such as patents, licenses, industrial designs, technical processes, as well as trademarks, "business reputation" and "know-how",

e. business concessions granted by law or under a contract, including concessions for the exploration, development, production and exploitation of natural resources in the territory of each of the Contracting Parties, hereinafter referred to as.

2. For any Contracting Party, the term "investor" shall include:

a. natural persons who are considered to be its nationals in accordance with the legislation of that Contracting Party;

b. corporations, firms and business associations and other similar organizations established or organized in accordance with the laws in force in any Contracting Party and having headquarters in the territory of that Contracting Party.

3. The term "income" means the amounts received from the investment and includes, in particular, but without exception, profits, interest and dividends.

4. As the term "territory", in relation to the Republic of Azerbaijan, the territory of the Republic of Azerbaijan, including the inland waters of the Republic of Azerbaijan, the sector of the Caspian Sea (lake) belonging to the Republic of Azerbaijan. Means the subsoil, seabed and natural resources where the Republic of Azerbaijan exercises its sovereign rights, and any territory and airspace defined or to be determined in accordance with the legislation of the Republic of Azerbaijan and international law;

In the case of the Arab Republic of Egypt, the territory of the Arab Republic of Egypt, including its maritime zone, continental shelf and any territory which it has exercised within its sovereign rights, has been defined as or may be determined in accordance with international law and the legislation of the Arab Republic of Egypt.

Article 2. Promotion and Protection of Investments

1. Each Contracting Party shall, in accordance with its laws and regulations, encourage the investments of investors of the other Contracting Party and create favorable conditions for them and allow such investments.

2. Each Contracting Party shall apply to these investments, if established, the treatment applied in similar situations to the investments of its own investors or to the investments of any third country, whichever is more favorable.

3. Admission of foreigners, shall be in accordance with the laws and regulations of the Contracting Parties concerning temporary residence and employment:

a. nationals of each Contracting Party who provide or have provided or continue to provide fixed capital or other resources for the purpose of investing, developing, managing operations and providing advice; should be allowed to enter and remain in the territory of the other Contracting Party.

b. companies established as legal entities under the laws of one Contracting Party and established with the investment of investors of the other Contracting Party shall be permitted to hire administrative and technical personnel, regardless of nationality, with the necessary qualifications and experience.

4. The provisions of this Article shall not affect the following Agreements to which each Contracting Party is a party:

a. in connection with any existing or future customs unions, regional economic organizations or similar international agreements;

b. in respect of agreements relating in whole or in part to taxation.

Article 3. Expropriation and Compensation

1. Investments shall not be subject to expropriation, nationalization or similar direct measures, except for public purposes, in cases where prompt, adequate and effective compensation is paid in accordance with the relevant legal procedure and the basic principles of the regime provided for in Article 2 of this Agreement and without discrimination.

2. The compensations paid shall be commensurate with the fair value of the expropriated capital before the expropriation measures are taken or until they become known.

Compensation shall be paid without delay without cause and in a way that can be freely transferred, as specified in paragraph 2 of Article 4.

3. Investors of either Contracting Party whose investments have suffered losses in the territory of the other Contracting Party as a result of war or any armed conflict, revolution, emergency or uprising or other similar events, shall be granted by the latter Contracting Party no less favourable treatment than that accorded to their investors or to investors of any third State, in relation to the measures it has taken for such losses.

Article 4. Repatriation and Resettlement

1. Each Contracting Party shall, in accordance with its national law and the Agreements between the Contracting Parties, allow all transfers relating to investments to be made in good faith, freely and without delay. Such transfers include:

a. income,

b. profit from the sale or liquidation of all or part of the capital,

c. compensation in accordance with Article 3,,

d. Payments and interest on debt related to investments,

e. Earnings, salaries and other wages received by a national of the other Contracting Party on the basis of a relevant work permit for investments in the territory of one Contracting Party;

f. Payments arising from an investment dispute.

2. Transfers shall be made by the receiving State in the convertible currency in which the investment is made or at the exchange rate prevailing on the date of transfer of any convertible currency unless otherwise agreed between the investor and the receiving Contracting Party.

Article 5. Subrogation

1. If the investment made by an investor of one Contracting Party is insured against non-commercial risk in accordance with a system established by law, the insurer shall have any subrogation right arising from the terms of the insurance contract, and any right of subrogation shall be recognized by the other Contracting Party as if the insurer has gone through local judicial and administrative procedures in the territory of the receiving Party.

2. The insurer shall not have the right to exercise any rights that exceed the rights that the investor may exercise.

3. Disputes between the Contracting Party and the Insurer shall be settled in accordance with the provisions of Article 7 of this Agreement.

Article 6. Restrictions

This Agreement does not restrict the rights arising from:

a. laws and regulations, administrative practice and procedures, administrative and judicial decisions of either Contracting Party;

b. International legal obligations or

c. the obligations assumed by each Contracting Party, including in an investment agreement or an obligation to make an investment that allows a more favourable regime to be applied to investments or related activities in a similar situation

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

1. Consultations between the Contracting Parties shall be held in order to settle the dispute between the investor of one Contracting Party and the other Contracting Party concerning the investment as amicably as possible.

2. If these consultations do not yield results within 6 months from the date of application for settlement of the dispute, the investor may, at his own discretion, apply to the following in connection with the settlement of the dispute:

a. To the International Center for the Settlement of Investment Disputes established on the basis of the Convention on the Settlement of Investment Disputes between States and Citizens of Other States (if both Parties have signed this Convention):

b. To the ad hoc arbitral tribunal established under the rules of arbitration of the United Nations Commission on International Trade Law (UNCITRAL);

If the investor has submitted the dispute to the court of the Party involved in the dispute for settlement and no final decision has been made within two years, he may resort to the above-mentioned tribunals.

3. The decisions of the arbitral tribunal shall be final and binding on the Parties to the dispute. Each Contracting Party undertakes to implement its decisions in accordance with its domestic law.

Article 8. Disputes between the Contracting Parties

1. The Contracting Parties shall endeavour to settle any dispute arising between them in connection with the interpretation or application of this Agreement in good faith, in a spirit of co-operation and in a prompt and fair manner. The Contracting Parties hereby agree to hold direct and open negotiations to settle the dispute. If the Contracting Parties fail to reach an agreement between them through the above-mentioned procedures within six months after the beginning of the dispute, the dispute shall be submitted to a three-member arbitral tribunal at the request of each Contracting Party.

2. Within two months of the receipt of the request, each Contracting Party shall appoint an arbitrator. These two arbitrators shall elect a third arbitrator, who is a citizen of a third country, as chairman.

If either Contracting Party fails to obtain the appointment of an arbitrator within a specified period, the other Contracting Party may request the President of the International Court of Justice to appoint one.

3. If both arbitrators are unable to agree on the election of the President within two months of their appointment, the President shall be appointed by the President of the International Court of Justice at the request of either Contracting Party.

4. Appointments shall be made by the Vice-President if, in the cases referred to in paragraphs 2 and 3 of this Article, the President of the International Court of Justice is not authorized to perform this function or is a national of any Contracting Party. If the Vice-President is also not authorized to perform the said function or is a national of any Contracting Party, the appointments shall be made by a high-ranking member of the Court who is not a national of the Contracting Party.

5. The arbitral tribunal shall have a period of three months from the date of the election of the President to agree on the rules of procedure which do not contradict the other provisions of this Agreement. In the absence of such an agreement, the tribunal shall request the President of the International Court of Justice to determine the rules of procedure, taking into account the generally accepted rules of international arbitration.

6. The seat of the arbitral tribunal shall be determined by mutual agreement between the Contracting Parties and the dispute shall be settled in accordance with the law of the Contracting Party in whose territory the investment is made. Unless otherwise agreed, all submissions and court transcripts must be completed in English within eight months of the election of the third judge, and the court must reach its decision no later than two months after the submission of the final documents or the completion of the trial. The arbitral tribunal shall reach its final and binding decisions by a majority of votes.

7. The expenses of the President, other judges and other proceedings shall be borne equally by the Contracting Parties. However, the court may, at its discretion, decide that most of the costs shall be borne by one Contracting Party.

8. If the dispute has been referred to another international arbitral tribunal in accordance with the provisions of Article 7 and is still pending before the tribunal, it shall not be submitted to the international arbitral tribunal under the provisions of this Article. This shall not adversely affect the conduct of direct meetings and open negotiations between the Contracting Parties.

Article 9. Entry Into Force, Duration and Termination

1. This Agreement shall be subject to ratification and shall enter into force on the date on which the exchange of instruments of ratification is completed. This Agreement shall remain in force for a period of ten years and shall remain in force until terminated in accordance with paragraph 2 of this Article. This Agreement shall apply to investments existing at the date of its entry into force, as well as to investments made and received after its entry into force.

2. Either Contracting Party may denounce this Agreement by giving written notice to the other Contracting Party one year in advance at the end of the first ten years or at any time thereafter.

3. This Agreement may be amended by written notification between the Contracting Parties. Each amendment shall enter into force upon notification by the other Party that each Party has completed all the internal procedures required for the entry into force of this amendment.

4. The provisions of all other articles of this Agreement shall remain in force for a period of 10 years from the date of its termination in respect of investments made or acquired before the expiration of this Agreement, as well as in other applications of this Agreement.

In witness whereof the undersigned, being duly authorised thereto by their Governments, have signed this Agreement.

Done in duplicate at Baku this twenty-fourth day of October 2002, in the Azerbaijani, Arabic and English languages. All texts have the same force. In case of divergence of interpretation, the English text shall prevail.

On behalf of the Government of the Republic of Azerbaijan Republic

(signed)

On behalf of the Government Arab Republic of Egypt

(signed)