

# **Agreement between the Government of the Arab Republic of Egypt and the Empire of Iran concerning the promotion and reciprocal protection of investments**

The Government of the Arab Republic of Egypt and the Empire of Iran,

Desiring to strengthening the economic cooperation between the two states,

And determined to create appropriate conditions for investments by the citizens and companies of each of the two States in the territories of the other state,

Realizing that the treaty protection for such investments is able of encouraging the public sector initiative and on increasing the prosperity in both states,

Have agreed on the following:

## **Article 1.**

1. Each Contracting Party will allow in its territory and according to its legislations the investment of the capitals of the citizens and companies of the other Contracting Party and to promote such investments as possible and any allowance in this respect also will be included.
2. The investments of the citizens and companies of each of the Contracting Parties or any investments that citizens and companies of each Contracting Party participate in will not be treated in the territory of the other Contracting Party less favourable than their own citizens and companies or the investments of citizens and companies of a third state.

## **Article 2.**

Any of the Contracting Party in its territory will not subject the citizens and companies of the other state in the matter of employment's affairs and the authorization of the business that is connected to the investments that they do, to less favourable conditions that they impose on its citizens and companies or upon the citizens and companies of a third state and this treatment is applicable on what is related to administrations and uses of these investments and its enjoyment.

## **Article 3.**

1. The investments of the citizens and companies of any Contracting Party will have full security and freedom in the territory of the other Contracting Party.
2. The investments of the citizens and companies of any of the Contracting Parties in the territory of the other Contracting Party will not be expropriated except for the public benefit and with compensation and this compensation will represent the equivalent of the investment that has been affected by expropriation and will be able to be freely exchanged and freely transferred without any delay. These arrangements should be made at enough time before the expropriation for determining this compensation and paying it and any dispute occurs about the conformity of the expropriation to its legislation or about the amount of the compensation will be subjected to a proper legal review in the specialized courts in the country where the investment is located.
3. If any of the citizens or companies of any of the Contracting Parties suffer the loss of their investments that are located in the territory of the other party because of a war or an armed conflict or a revolution or a rebellion in the territory of the other state, they will be given a treatment that is no less favourable than the treatment that this Contracting Party gives to its citizens and companies in the matters of recovery and paid compensation or any other settlement with value. And in the matter of transferring these payments, each Contracting Party will give the requests of the citizens and companies a treatment that is not less favourable than of the ones given in the same cases to citizens and companies of any third state.

4. The terms of paragraphs 1, 2, and 3 above are applicable to the investments returns.

5. The citizens and companies of both Contracting Parties shall enjoy the conditions of the most favoured nation in the territory of the other Contracting Party, in the matters of the subjects that are stipulated in this Article.

#### **Article 4.**

Each of the Contracting Parties guarantees for the citizens and companies of the other Contracting Party the transfer of the capital and its returns and in the case of the liquidation, the proceeds of the liquidation.

#### **Article 5.**

If the government of any Contracting Party paid any amount of money to a person or a company because of a guarantee that was given in relation of a certain investment, the government of the other Contracting Party will admit – without harming the rights of the government of the first Contracting Party according to Article (10) the transfer of any rights and properties that belong to this person or company to the government of the first Contracting Party and the subrogation of the government of the first Contracting Party in such rights and properties.

#### **Article 6.**

1. Within the limits and restrictions that the concerned party has or to any other arrangements ratified from the competent authorities of the Contracting Party for the investments are located in its territory, the transfers that are completed according to sections 2, 3, and 4 of Article 3 and in accordance with Article 4 or 5 will be completed without any delay and in the prevailing exchange rates at the day of transfer.

2. The real exchange rate for the current operations is determined based on the breakeven price that has been agreed on with the International Monetary Fund and it is located between the edges of the highest and lowest breakeven price that has been agreed on and that is allowed in section 3 of Article 4 of the provision of the agreement of International Monetary Fund.

3. If at the transference day happens that the exchange rate cannot be determined for the concerned Contracting Party as defined in the abovementioned section 2, then the exchange rate that will be applicable is the formal exchange rate that is determined by this concerned Contracting Party for its currency and its relation to the American dollar or any other currency able to be freely transferred, and if such rate cannot be determined, the competent authority in the Contracting Party in which territory the investment was made shall allow the exchange rate that is considered representative of this rate.

#### **Article 7.**

If the legislation of any of the Contracting Parties or any international commitments currently exists or agreed later between the Contracting Parties other than this current agreement resulted in a situation that allows more preferential treatment than of this current Agreement for the investments of individuals or companies from the other Contracting Party, such situation will not be affected by this Agreement.

Any of the contracting parties will take into account applying any other commitment towards the investments inside its territories that are made by citizens and companies of the other Contracting Party.

#### **Article 8.**

1. The term "investment" includes any type of assets including but not limited to:

a. Movable or immovable properties and also any other rights like mortgage and pledge rights, usufruct rights and other similar rights.

b. Shares or any other type of interests in companies.

c. Rights in funds or any activity that has economic value.

d. Copyrights, industrial property rights, technical equipment, brand names, goodwill, licenses of business including license of exploring and using natural resources which give its owner a legal position for a certain period of time.

e. Any change in the shape of the invested assets does not affect its nature of an investment as long as the change is not

related to the purposes that the license of the investment was issued for, or a new license was issued legally for it.

2. The term "returns" means the amount of money that is generated from the investments such as benefits or interest of a certain period of time.

3. For the purposes of this agreement the term "citizens" means the following:

a. As for the Arab republic of Egypt:

The Egyptians that are considered as Egyptians by the main law of Arab Republic of Egypt.

b. As for Iran:

The Iranians that are considered as Iranians by the legislative laws and other related regulations in Iran.

4. The term "companies" means the following:

a. As for the Arab republic of Egypt:

Any legal personality and also any commercial company or any other company or any association that has or not legal personality. having its office in Arab Republic of Egypt and that it has a legal existence according to its laws, regardless if the liabilities of the partners, participants, or members are limited or not and if its objectives are for-profit or not.

b. As for Iran:

Any legal personality or company or institution that has its main office inside the Iranian territory and it was given the legal personality according to the Iranian laws.

## **Article 9.**

Each Contracting Party shall grant national treatment in the frame of this Agreement having in consideration the fact that the national treatment in these aspects is given by the other party too.

## **Article 10.**

1. If disputes arise between the Contracting Parties about interpretation or application this Agreement they must be settled amicably - if possible - by the two governments.
2. If it is not possible to settle a certain dispute on this way then it shall be submitted to an arbitral tribunal based on a request of any of the Contracting Parties.
3. This arbitral tribunal is established in each case separately and each Contracting Party shall appoint one member, and those two members shall agree on a citizen of a third state to be appointed as president by the governments of the Contracting Parties. Those members shall be appointed in two months and the president in three months counted from the time of any of the Contracting Parties expressed its opinion about the intention of submitting the dispute to an arbitral tribunal.
4. If the appointments that are determined in paragraph 3 are not made, then any of the Contracting Parties may request - in the absence of any other specific arrangements - the president of the International Court of Justice to take the procedures of making the needed nominations and if the president is a citizen of any of the Contracting Parties or if he prevented from performing this task then the Vice-President of the International Court of Justice should do the needed nominations, and if the Vice-President is a citizen of any of the Contracting Parties or if he is prevented for performing this task, then the member of the International Court of Justice next in seniority shall make the nominations under the condition that is not a citizen of any of the Contracting Parties.

## **Article 11.**

The provisions of this Agreement remains valid even in the case of disputes between the Contracting Parties without any prejudice to the right of making any temporary procedures allowed by the general rules of the international law. Such procedures will not be eliminated before the real expiration date of the dispute regardless of the diplomatic relations are resumed or not.

## **Article 12.**

1. This agreement will be ratified and the instruments of ratification will be exchanged in Tehran.
2. This agreement will enter into force after one month from the day of exchanging the instruments of ratification and will remain valid for a duration of 10 years and continues after that to an unlimited period unless one of the Contracting Parties send a written note of termination of this Agreement one year before it expires, and after the expiry of the duration of 10 years, this Agreement can be terminated at any time from the side of any of the Contracting Party by a notice given one year before the expiration of the agreement.
3. Regarding the investments that were made before the expiration date of this Agreement, the provision of the Articles 1-11 will remain valid for another 15 years from the expiration date of this Agreement.

In witness whereof, the undersigned legally authorized have signed this Agreement and stamped their stamps.

Done in Tehran at 25 may 1974 in two originals in Arabic language each of them having the same value.

For the Government of the Arab Republic of Egypt

Abdulaziz Hijazi

First Deputy Prime Minister

For the Government of the Iranian Empire

Hawshang Ansara

Minister of Economic and Financial Affairs

## **Protocol 1**

At the moment of signing of the Agreement between the Government of the Arab Republic of Egypt and the Empire of Iran concerning the promotion and reciprocal protection of investments, the undersigned representatives have also agreed upon the following provisions which should be considered as an integral part of this Agreement.

### **1. As for Article 1:**

- a. In the case of a controversy between the provisions of this Agreement and the national laws, then the first provisions will prevail and the licenses will be in line with the concerned legislations of the state in which the investment is made and should not contrary the terms of this Agreement.
- b. The investments that are made in the Iranian lands will be subject to this Agreement if it has been agreed on by the Iranian government or any agency assigned by the government.

### **2. As for Article 1 to 3:**

Any of the Contracting Parties are authorized to demand the most favoured nation (MFN) principle under the provisions of Article 1 section 2 and Article 3 sections 3 to 5, and only with the limitation that this party agrees upon certain commitments.

### **3. As for Article 2:**

- a. The provisions of Article (2) are not applicable in the case of entry with short residency.
- b. The following are conditions as mentioned in Article (2): restrictions on the purchase of raw or auxiliary materials, of energy or fuel or of means of production or operation of any kind, unequal treatment in the case of impeding the marketing of products inside or outside the country, as well as any other measures having similar effects.

The procedures that would be taken for general security, order, general health, or ethical reasons are not considered as conditions in the framework of the meaning that is mentioned in Article (2).

### **4. As for Article 3:**

The meaning of the term dispossession refers to conflict or constrain a possession or the right to possess of what is considered as an investment in the provisions of this Agreement through procedures from the side of the sovereign authority and till the level that reaches to the limit of dispossession and the provisions of the section of Article (3) upon nationalization of a certain investment.

## **5. As for Article 4:**

The term dissolution in the meaning of Article (4) means to include any elimination done by imposing the partial or full elimination of the concerned investment and this dissolution could be done after 5 years of the investment date.

## **6. As for Articles 4, 6:**

It is agreed on, between the Contracting Parties that applying Articles 4, 6 will not affect the application of the legislation of both Contracting Parties in the matters of taxes, fees, and financial burdens, and assuring the right of any general or special commitment.

## **7. As for Article 5:**

a. In case of subrogations both Contracting Parties will enter direct talks to settle all the upcoming issues resulted from these subrogations and in the important cases, then the use of the government of any of the Contracting Party's rights and the transferred properties will be only by the agreement with the government of the other Contracting Party and in the case of failure of such talks then the subject will be settled by a special agreement between both Contracting Parties.

b. The subrogation that is referred to in Article (5) is not applicable to transferring of rights and properties that are not related to the guarantee that is given for the non-commercial risks.

## **8. As for Article 6:**

a. It is considered that a transfer has been done "without undue delay" in the meaning of section (1) of Article 6 if it was done through required duration to complete the transference procedures and this duration starts from the day of applying the application and it cannot exceed three months.

b. If there was any difficulty in calculating the exchange rate then the two Contracting Parties can enter talks in the purpose of reaching a satisfying solution for both parties.

## **9. As for Article 7:**

The right of getting the most favoured nation treatment referred to in section (1) of Article 7 will be conditioned by accepting the commitments that are related to it from the side of investors and companies that are demanding such favoured treatment.

## **10. As for Article 8:**

a. The assets referred to in Article (8) sections (a, d) are related to the goals that the investment permission is issued for.

b. The incomes of investments of citizens of any of the Contracting Parties are considered as investments within the meaning of this Agreement if are applicable to the goal that was the reason of having a new permit legally obtained.

c. Notwithstanding and in any way determining the nationality, any person can be considered as a citizen of one of the Contracting Parties as long as he carries a national passport issued from the specialized authorities for the respective Contracting Parties.

d. A person having Egyptian and Iranian citizenship cannot demand any rights coming out of this Agreement.

e. Any of the Contracting Parties will abstain from taking any procedures that are inconsistent with the principle of free competition that could prevent or impede the steamships that preserve the seas and airplanes that belong to the other Contracting Party from contributing in transporting goods dedicated to the investments as the meaning mentioned in this Agreement and this is applicable also on the goods that arrived the land ports of any of the Contracting Parties or any third state with amounts of money for a project that invests a principal with the meaning mentioned in this Agreement.

Done in Tehran on the 25th of may 1974 of two originals in English language both have the same official status.

For the Government of Arab Republic of Egypt

Abdulaziz Hijazi

First Deputy Prime Minister

For the Government of the Iranian Empire

Howshang Ansary

Minister of Financial and Economic Affairs

## **Protocol 2**

At the moment of signing of the Agreement between the Government of the Arab Republic of Egypt and the Empire of Iran concerning the promotion and reciprocal protection of investments, the undersigned representatives have also agreed upon the hereafter Articles that can be considered as an integral part of this Agreement.

1. It is permitted to individuals or companies of any of the Contracting Parties to make deals that stipulate to submit the disputes arising from commercial contracts that are related to investments to arbitration, and that to settle them.
2. Such Arbitration agreements must be mentioned in the investment treaty itself, or to be a special agreement subject signed by the two parties that and who signed the original contract, and furthermore; after the agreement of the two parties to submit the mentioned dispute to the arbitration court, then this dispute will not be considered under the specialization of the national courts, neither exits in the national legislation domain anymore.
3. Before showing the status to the arbitration, the two parties try to seek conciliation within a period of two months after the date of notifying one of the parties to the other party that intends to recourse to arbitration if conciliation fails.
4. In the case of not having any other arrangements between the two parties, then the arbitral tribunal shall consist of three members, each party appoint an arbitrator and in the case of one of the parties abstain to appoint an arbitrator, in the case of an Iranian abstention then the other party can request the President of the Supreme Court of Iran and in the case of Egyptian abstention then the President of the Supreme Court of Egypt will do this appointing and the same procedures will be applied when the chosen arbitrator abstain doing his job or in the case that he quits or the failure of the respective party in appointing another arbitrator and the two arbitrators will elect a president for them.

In the case of the failure of the two arbitrators on agreeing upon the person that will be elected as a president then any of the parties or any of the arbitrators can request the President of the International Chamber of Commerce in Paris to appoint the President of the tribunal and if the president has the same nationality of any of the parties or if he is unable to do this appointment then this mission is task shall be performed by the Vice-President. And if the Vice-President was unable to make this appointment for the same reasons then the member next in seniority shall take this mission. The President of the arbitral tribunal shall not be of the same nationality of any of the parties and does not have any direct economic interests in the dispute subject and the arbitral tribunal determine the procedures that will be followed unless the two parties agreed upon something else.

5. The full costs of the arbitration shall be determined by the arbitral tribunal.
6. Each Contracting Party shall acknowledge the execution of the arbitral decisions in their territory which are issued by the majority according to an agreement as provided in Article 1 of this protocol regardless if this provision issued in the territory of any of the Contracting Party or in the territory of a third state.

The executing and implementation of the arbitral award is ruled by the laws of the state that will execute it.

7. To guarantee the execution that is referred to in Article 6 then the party that demands the execution has to demand when it requests the application:
  - a. The original arbitral decision or an official copy.
  - b. The original arbitral agreement or an official copy.
  - c. A translation for the arbitration and the arbitral agreement formally certified by a party or a certified translator or from a diplomatic body or a council for one of the Contracting Party, if those documents are not issued originally in the language of the country that issued the provision.

8. It is not permitted to refuse to execute the arbitration provision unless according to Article 5 of the United Nations Convention on the Recognition and Enforcement of Foreign Arbitral Awards.

Article 12 Section (3) of this Agreement Is applicable according to those provisions.

Issued in Tehran on 15th of may 1974 of two origins in English language each of them has the same official status.

For the Government of Arab Republic of Egypt

Abdulaziz Hijazi

First Deputy Prime Minister

For the Government of the Iranian Empire

Howshang Ansary

Minster of Financial and Economic Affairs