AGREEMENT BETWEEN THE GOVERNMENT OF THE REPUBLIC OF INDONESIA AND THE GOVERNMENT OF THE ARAB REPUBLIC OF EGYPT CONCERNING THE PROMOTION AND PROTECTION OF INVESTMENT

The Government of the Republic of Indonesia and the Government of the Arab Republic of Egypt hereinafter referred to as "Contracting Parties".

Bearing in mind the friendly and cooperative relations existing between the two countries and their peoples.

Desiring to create favourable conditions and to further strengthen the existing economic cooperation between them and, in particular, for the investment of capital by nationals and companies of one Contracting Party in the territory of the other Contracting Party.

Recognizing that the Agreement on the promotion and reciprocal protection of such investments, when it is practically possible, will be conducive to the stimulation of investment activities in both countries.

Have agreed as follows:

Article 1. Definitions

For the purpose of this Agreement:

1. The term "investments" shall mean any kind of assets invested by investors of one Contracting Party in the territory of the other Contracting Party, in conformity with the laws and regulations of the latter including, but not exclusively:

a. Movable and immovable property as well as other rights such as mortgages, privileges, guarantees, usufruct, and any other similar rights;

b. Shares, stocks, debentures of companies wherever incorporated or interests of such companies in the territory of either Contracting Parties;

c. Claims to money or to any performance under contract having financial value associated with the investment;

d. Intellectual and property rights, good will and know-how;

e. Business concessions conferred by law or under contract, including concessions to search for, cultivate, extract or exploit natural resources.

2. The term "investors" shall mean any national or Juridical person being a national of a Contracting Party who already invested or is investing in the territory of the other Contracting Party.

3. The term "nationals" shall mean physical persons who are citizens of either country according to its laws.

4. The term "Juridical person" shall mean any entity established in accordance with, and recognized as a Juridical person by the law of the State, such as public institutions, corporations, foundations, private companies, firms, establishments and organisations.

5. The term "returns" shall mean the amounts yielded by an investment and, in particular, though not exclusively, includes profit, interest, capital gains, dividens, royalties or fees,

6. The term "territory" shall mean:

a). In respect of the Republic of Indonesia:

The territory of the Republic of Indonesia as defined in its laws and parts of the continental shelf and adjacent seas over

which the Republic of Indonesia has sovereignty, sovereign rights or jurisdiction in accordance with the 1982 United Nations Convention on the Law of the Sea.

b). In respect of the Arab Republic of Egypt:

Territory over which the Arab Republic of Egypt has sovereignty, provincial waters, continental cliff and sea boards over which the Arab Republic of Egypt practices sovereign rights or jurisdiction rights according to international 1aws;

Article 2. Promotion and Protection of Investment

1. Either Contracting Party shall encourage and create favourable conditions for investors of the other Contracting Party to invest in its territory, and shall admit such capital in accordance with its laws and regulations.

2. Investments of investors of either Contracting Party shall at all times be accorded fair and equitable treatment and shall enjoy adequate protection and security in the territory of the other Contracting Party.

3. These investments mentioned in paragraph 1 and 2 should be approved by the competent authorities of the latter Contracting Party,

Article 3. Treatment of Investment

1. Investments of investors of one Contracting Party in the territory of the other Contracting Party and also the returns therefrom shall receive treatment which is fair and equitable and not less favourable than that accorded in respect of the investments of the investors of any third State.

2. Each Contracting Party shall in its territory accord to investors of the other Contracting Party as regards the management, use, enjoyment or disposal of their investments, treatment which is fair and equitable and not less favourable than that which is accords to investors of any third State.

3. The treatment mentioned above shall not apply to any advantage or privilege accorded to investors of a third State by either Contracting Party based on the membership of that Contracting Party in Customs Union, Common Market, Free Trade Zone, economic multilateral or international agreement, or based on an agreement concluded between that Party and a third State on Avoidance of Double Taxation or based on cross border trade arrangement.

Article 4. Nationalization or Expropriation

Investments of investors of either Contracting Party shall not be directly or indirectly nationalized, expropriated, or subjected to measures having effect equivalent to nationalization or expropriation, in the territory of either Contracting Party except for a public purpose or an order issued by a competent court, and against payment of compensation. Such measures are taken on a non-discriminatory basis and subject to review by due process of law. Such compensation shall be adequate, effectively realisable, made without delay and freely transferable in freely convertible currencies and shall amount to the market value of the investment expropriated prior to the moment in which the decision to expropriate is announced or made public. Such amount shall be calculated according to the method agreed upon by both Contracting Parties and shall include interest at normal commercial rate until date of the payment.

Article 5. Compensation for Losses

Where investments of an investor of one Contracting Party to the territory of the other Contracting Party suffer losses owing to war or other armed conflict, revolution, a state of national emergency, revolt, insurrection or riot in the territory of the latter Contracting Party, the investor concerned shall be accorded treatment as regards restitution, indemnification, compensation or other settlement. The treatment shall not be less favourable than that which the latter Contracting Party accord to its own investor or to investor of any third State.

Article 6. Transfer of Investment

1. Either Contracting Party shall, within the scope of its laws and regulations in respect to investments by investors of the other Contracting Party, grant to those investors, without unreasonable delay, the transfer of the following for instance:

a. A capital and additional capital amounts used to maintain and increase investments;

b. Net operating profits including dividens and interests in proportion to the share-holding of the foreign participant;

c. Repayment of any loan and the relevant interest thereof, as far as it is related to the investment;

d. Payment of royalties and services fees as far as it is related to the investment;

e. Proceeds from sales of shares owned by the foreign share holders;

f. Compensation for losses, under Article 5;

g. Compensation for expropriation, under Article 4;

h. Proceeds received by investor in case of liquidation;

i. The earnings of nationals of one Contracting Party who are allowed to work in connection with investment in the territory of the other Contracting Party.

2. To the extent investor of either Contracting Party has not made another arrangement with the appropriate authorities of the other Contracting Party in whose territory the investment is situated, currency transfer made pursuant to paragraph 1 of this Article shall be permitted in the currency of the original investment or any other freely convertible currency. Such transfer shall be made at the prevailing rate of exchange on the date of transfer.

Article 7. Subrogation

In case one Contracting Party or any of its designated agency has granted any guarantee against non-commercial risks in respect of an investment by its investor in the territory of the other Contracting Party and has made payment to such investor under that guarantee, the other Contracting Party shall recognize the transfer of the rights of such investor to former Contracting Party or any of its designated agency. The subrogation of the latter shall not exceed the original rights of such investor.

Article 8. Settlement of Disputes between the Contracting Parties Concerning Interpretation and Application of the Agreement

Disputes concerning the interpretation or application of this Agreement shall be settled amicably through diplomatic negotiation between the Governments of the Contracting Parties.

Article 9. Settlement of Disputes between an Investor and a Contracting Party

Any dispute which may arise between a Contracting Party and an investor of the other Contracting Party shall, if possible, be settled amicably. If the dispute cannot thus be settled within six months following the date on which the dispute has been raised by either party, it may be submitted upon request of the investor (his choice will be final) either to:

a). The competent courts of the Contracting Party in whose territory the investment was made;

b). The International Centre for the Settlement of Investment Disputes (ICSID) created by the Convention on the Settlement of Investment Disputes between States and Nationals of other States opened for signature in Washington D.C. on 18 March 1965, once both Contracting Parties herein become member states thereof;

c). Regional Centre -for International Commercial Arbitration in Cairo as far as it applies UNCITRAL rules.

Article 10. Applicability of this Agreement

This Agreement shal1 apply to investments by investors of the Republic of Indonesia in the territory of the Arab Republic of Egypt which have been granted admission in accordance with its laws and regulations, and to investments of investors of the Arab Republic of Egypt in the territory of the Republic of Indonesia which have been previously granted admission in accordance with the Law No. 1 of 1967 concerning Foreign Investment and any law amending or replacing it.

Article 11. Application of other Provisions

Whenever any issue is governed by this Agreement and by any other Agreement to which both are parties, more favourable provisions shall be applied to investors.

Article 12. Consultation and Amendment

1. Either Contracting Party may request that a consultation be held on any matter that both Contracting Parties agree to discuss.

2. This Agreement may be amended at any time, if it deems necessary, by mutual consent.

Article 13. Entry Into Force, Duration and Termination

1. The present Agreement shall enter into force three months after the date of the latest notification by any Contracting Party of the accomplishment of its internal procedures of ratification. It shall remain in force for a period of ten years and shall continue in force thereafter for another period of ten years and so forth unless denounced in. writing by either Contracting Party one year before its expiration.

2. In respect of investments made prior to the date when the notice of termination of this Agreement becomes effective, the provisions of Article 1 to 12 shall remain in force for a further period of ten years from that date.

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

DONE in duplicate at Jakarta on 19th of January 1994 in two original Indonesian, Arabic and English languages.

All texts are equally authentic. If there is any divergence concerning the interpretation, the English text shall prevail.

FOR THE GOVERNMENT OF THE REPUBLIC OF INDONESIA

FOR THE GOVERNMENT OF THE ARAB REPUBLIC OF EGYPT