

# **Agreement on the Promotion and Reciprocal Protection of Investments between the Government of The Arab Republic of Egypt and the Government of Republic of Djibouti**

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

Desiring to strengthen their economic cooperation by creating favorable conditions for investors to implement one of the Contracting Parties investments in the territory of the other Contracting Party;

Recognizing that the mutual promotion of investments should be on the basis of completely reciprocal, and this agreement should contribute to the promotion of investments, and promote the welfare of the parties;

Taking into account the impact that worthwhile can be achieved by such an agreement in strengthening the business sector, and boost confidence in the field of investments,

Convinced of the need to promote and protect foreign investments, with the aim of increasing economic prosperity of the Contracting Parties.

They have agreed as follows:

## **Article 1. Definitions**

For the purposes of this agreement:

1. The term "investment" means: each component activity, and each direct and indirect contribution to all companies or projects in any economic activity, whatever the sector, especially and not limited to:

(a) Movable and immovable property as well as actual rights, such as mortgages, wages, guarantees, usufruct, and similar rights.

(b) Stock and other forms of participation in the projects.

(c) Money claims or claims have economic values.

(d) The rights of authors, brands, certificates, industrial processes, trademarks, and every right of industrial property as well as commercial funds.

(e) Common law privileges including privileges of research and exploration, and extraction of natural resources.

Any change in the legal form of assets and capital invested or reinvested will not affect the nature of investments in the concept of this agreement.

And it must be subject to the implementation of the investment laws and regulations applicable in the host country.

If the investment was held from the side of the investor by the organization referred to in item (c) in the following paragraph, which the investor has a participation in the capital, this investor will enjoy the benefits of this agreement for this indirect contribution, provided that privileges do not return to him, if he resorted to the mechanism of dispute settlement in another agreement of foreign investments protection executed by a Contracting party in the territory in which the investments are done.

2. The term "investor" means:

(a) Any natural person who holds Egyptian or Djibouti citizenship, who is investing in the other contracting party territory, according to the legislation of the Arab Republic of Egypt and the Republic of Djibouti, respectively.

(b) Every legal person with an establishment in the territory of the Arab Republic of Egypt, or in the Republic of Djibouti, was established according to the Egyptian legislation or Djibouti respectively, who is investing in the other contracting party territory.

(c) Each legal entity constituted according to the legislation of either Contracting Parties, and controlled by, directly or indirectly, a citizen of one Contracting Party, or by a legal entity with headquarters in the Contracting Party territory, and this control must be for the reason of the existence of a significant contribution to ownership of the entity.

3. The term "revenue" means:

Net amounts after payment of taxes on investment, for example, but not limited to: earnings, dividends, royalties and licenses.

4. The term "territory" means:

National territory and territorial waters of each Contracting Party, and also the economic zone and continental shelf that extends outside the territorial waters of each Contracting Party, where he has the rights and jurisdiction in accordance with international law.

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

1. Each Contracting Party shall encourage and accept investments located in its territory to investors of the other contracting party, according to the laws and regulations in force.

2. The investments made by the investors of a Contracting Party in the territory of the other Contracting Party, should enjoy fully a fair and equitable treatment as well as in the case of the application of maintaining public order and protecting the security.

Each Contracting Party undertakes to ensure in its territory that the investments management, maintenance, use, or otherwise dispose are not exposed to any unfair or discriminatory measures.

Investment returns in the case have been reinvested in accordance with the laws of one of the contracting parties also enjoy the same protection as the original investment.

3. Each country should open an office assigned to the reception of investors from the other country, and facilitating administrative procedures, and this task may be assigned to the chambers of international trade in the two countries.

## **Article 3. Treatment of Investments**

1. Each Contracting Party shall accord in its territory to the investments of the investors of the other Contracting Party a fair and equitable treatment, not less favorable than that which it accords to the investments of its own investors or to the investments of the most favored nation, if the latter is more favorable;

2. Each Contracting Party shall accord in its territory to the activities connected with the investments of investors of the other Contracting Party treatment not less favorable than that accorded to its own investors, or to investors of the most favored nation.

3. The treatment of the most favored nation does not apply to the privileges offered by one of the parties to a third country, as a result of their participation in, or their accession to, a free trade area, economic union or customs, common market, or any other form of regional economic organizations, or similar international agreement, or an agreement provides for the avoidance of double taxation in the financial aspects, or any other particular agreement of tax aspects.

## **Article 4. Expropriation and Compensation**

1. Investments of one of the Contracting Parties executed in the territory of the other contracting party shall not be subject to expropriation or nationalization measures or any other action has the same effect, except for the aim of public interest.

2. In the event that a Contracting Party has taken a measure of what was previously reported, it must provide to the right holder a fair and equitable compensation, calculated by the value of the compensation based on the market value of the investment on the eve of the adoption of this measure, or the eve of its announcement to the public.

3. The procedures of identifying or paying compensation immediately or in a moment of expropriation, and in case of delay in payment an interest on the compensation is calculated according to the market price, starting from the date of maturity,

and the compensations are paid to the investors in the currency freely convertible and transferable.

## **Article 5. Compensation for Damages**

In case the investments of investors of one Contracting Party in the other Contracting party territory exposure for losses due to war or other armed conflict, revolution, a state of emergency, revolt, strike, or any other similar events they receive from the other Contracting Party the non-discriminatory treatment or at least equal treatment granted to its own investors or investors of MFN related to recovery and compensation, or any other compensation for losses and taking into account the favorable treatment.

## **Article 6. Transfers**

1. Each Contracting Party should guarantee to investors of the other contracting party after the payment of the tax benefits, the free transfer on freely convertible currency and without any unreasoned delay the liquid funds resulting from their investments and in particular:

(a) Capital or additional funds with a view to maintaining or developing the investment.

(b) Profits, dividends, interest, royalties, any other current returns.

(c) The amounts needed to pay off loans related to an investment.

(d) The amounts resulting from total or partial liquidation.

(e) Compensation payable pursuant to Articles 4 and 5.

(f) Dedicated share to salaries and wages of the citizens of one of the contracting parties who are authorized to work in the territory of the other contracting party for the purpose of the investment.

2. Transfers referred to in paragraph 1, are executed at the exchange rate applicable at the date of transfer and in accordance with the applicable rules of conversion.

3. Guarantees referred to in this article are at least equal to that accorded to MFN investors who are in similar circumstances.

## **Article 7. Subrogation**

1. In the event that one of the contracting parties pay compensations to one of its investors as a legal or contractual collateral against non-commercial risks, the other contracting party acknowledges the subrogation of the Guarantor in the investor rights who got the compensation.

2. The guarantor can - in accordance with the guarantee provided to the investor mentioned - and through subrogation exercise all investor rights if he had not replaced him.

3. Disputes between one of the contracting parties and the guarantor to an investor of the other contracting party, are settled in accordance with the provisions of Article 9 of this agreement.

## **Article 8. Applicable Rules**

When a problem related to investments subject to the current agreement and national legislation of one of the contracting parties, or international agreements in force, or will be signed in the future, investors of one Contracting Party can take advantage of the most favorable provisions for them.

## **Article 9. Settlement of Disputes Relating to Investment**

1. As much as possible investment disputes between a Contracting Party and an investor of the other contracting party should be settled through cordially consultations and negotiations between the parties of the conflict.

2. If the dispute cannot be settled cordially directly between the parties of the dispute within six months from the date of notification in writing, the dispute is displayed by the will of the investors to any of:

(a) A court of competent jurisdiction in the territory of the host Contracting Party of the investment.

(b) International Centre for Settlement of Investment Disputes (CRIDI) established in accordance with the provisions of the Settlement of Investment Disputes between States and Nationals of other countries agreement, signed in Washington on March 18, 1965.

3. No one of contracting parties - a party of the dispute- is allowed to raise an objection at any stage of the arbitration proceedings or execution of an arbitral award claiming that the investor of the other party of the dispute has received compensation totally or partially cover its losses under an insurance policy.

4. The arbitral tribunal shall take its decisions on the basis of the national law of the Contracting Party in - the party of the dispute - in which territory is the investment, including legislation relating to conflict of laws, and the provisions of this Agreement and the texts of special agreements that have been signed on investment as well as the principles of international law.

5. The arbitration decisions are considered final and binding for the parties of the dispute and the Contracting parties undertake the implementation according to the National laws.

## **Article 10. Settlement of Disputes between the Contracting Parties**

1. As much as possible the disputes that may occur between the Contracting Parties concerning the interpretation or application of this agreement should be settled cordially and through diplomatic means.

2. If this is not possible the dispute is displayed to a joint committee composed of representatives of the parties, shall meet without delay at the request of the most hastily party.

3. If the Joint Committee is unable to settle the dispute within six months from the date of the negotiations, it is transmitted at the request of either of the contracting parties to the arbitration court.

4. The composition of the arbitral tribunal as follows: Each Contracting Party shall appoint an arbitrator, and arbitrators agree to choose a citizen of a third country to serve as the president of the court, the appointment of arbitrators should be done within three months, and the president of the court during five months from the date of informing any of the contracting parties the other contracting party of its intention to submit the dispute to arbitration.

5. If the appointments are not done during the periods specified in the fourth paragraph, any of the contracting parties may invite the President of the International Court of Justice to make the previous appointments.

In the case of the President of the International Court of Justice is a national of one of the contracting parties, or if there was a reason preventing him from exercising this function, the Vice-President of the Court can do the necessary appointments, and if the Vice President is a national of one of the parties or if there was a reason preventing him from exercising this task, the most seniority in the international Court of Justice, which is not a national of one of the contracting parties is invited to make the necessary appointments.

6. The arbitral tribunal is based on the basis of the provisions of this Agreement, and the rules and principles of international law, and take its decisions by majority of votes and the decision shall be final and binding upon the contracting parties.

7. The court determines its rules of procedures.

8. Each contracting party shall bear its own expenses of the arbitrator appointment, fees and its representation in the arbitration proceedings and the contracting parties share the president expenses and other expenses.

## **Article 11. Application**

The current agreement - with respect to its application in future - covers investments made before this Agreement enters into force by investors of one Contracting Party in the territory of the other contracting party in accordance with the laws and regulations of the latter, the current agreement does not apply to disputes that may arise before it enters into force.

## **Article 12. Entry Into Force and Duration**

This Agreement shall enter into force on the date of exchange of last notifications of competition of legal procedures in both countries, and is valid for ten years and renews automatically for each of the contracting parties.

Each of the contracting parties can end the agreement at the end of the first ten years or at the end of any period, and one notifies the other party in writing six months before the date of expiry of the period.

Previous investments are subject to the date of termination of this Agreement's provisions for ten years before the expiry date.

Signed in Cairo on 21/07/1998 in two originals in Arabic and French and both have the same legal force.

For the Government of the Arab Republic of Egypt

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