

Treaty between the Federal Republic of Germany and the Hashemite Kingdom of Jordan concerning the encouragement and reciprocal protection of investments

The Federal Republic of Germany

And

The Hashemite Kingdom of Jordan

DESIRING to intensify economic co-operation between both States,

INTENDING to create favourable conditions for investments by nationals and companies of either State in the territory of the other State, and

RECOGNIZING that encouragement and contractual protection of such investments are apt to stimulate private business initiative and to increase the prosperity of both nations,

HAVE AGREED AS FOLLOWS:

Article 1.

Each contracting Party shall in its territory promote as far as possible the investment of capital by nationals or companies of the other Contracting Party and admit such investments in accordance with its legislation. It shall in any case accord such investments fair and equitable treatment.

Article 2.

(1) Neither Contracting Party shall in its territory subject investments owned or controlled by nationals or companies of the other Contracting Party, to treatment less favourable than it accords to investments of its own nationals or companies or to investments of nationals or companies of any third State.

(2) Neither Contracting Party shall in its territory subject nationals or companies of the other Contracting Party, as regards their activity in connexion with investments, to treatment less favourable than it accords to its own nationals or companies or to nationals or companies of any third State.

Article 3.

(1) Investments by nationals or companies of either Contracting Party shall enjoy full protection as well as security in the territory of the other Contracting Party.

(2) Investments by nationals or companies of either Contracting Party shall not be expropriated in the territory of the other Contracting Party except for the public benefit and against compensation. Such compensation shall represent the equivalent of the investment expropriated; it shall be actually realizable, freely transferable, and shall be made without delay. Provisions shall have been made in an appropriate manner at or prior to the time of expropriation for the determination and the giving of such compensation. The legality of any such expropriation and the amount of compensation shall be subject to review by due process of law.

(3) Nationals or companies of either Contracting Party whose investments suffer losses in the territory of the other Contracting Party owing to war or other armed conflict, revolution, a state of national emergency, or revolt, shall be accorded treatment no less favourable by such other Contracting Party than that Party accords to its own nationals or companies, as regards restitution, indemnification, compensation or other valuable consideration. Such payments shall be

freely transferable.

(4) Nationals or companies of either Contracting Party shall enjoy most-favoured-nation treatment in the territory of the other Contracting Party in respect of the matters provided for in the present Article.

Article 4.

Either Contracting Party shall in respect of investments guarantee to nationals or companies of the other Contracting Party the free transfer of the capital, of the returns from it and, in the event of liquidation, of the proceeds from such liquidation.

Article 5.

If either Contracting Party makes payment to any of its nationals or companies under a guarantee it has assumed in respect of an investment in the territory of the other Contracting Party, the latter Contracting Party shall recognize the assignment, whether under a law or pursuant to a legal transaction, of any right or claim from such national or company to the former Contracting Party. Furthermore, the latter Contracting Party shall recognize the subrogation of that Contracting Party to any such right or claim, which that Contracting Party shall be entitled to assert to the same extent as its predecessor in title. The rights of the former Contracting Party under Article 11 shall not be affected. As regards the transfer of payments to be made to the Contracting Party concerned by virtue of such assignment, paragraphs 2 and 3 of Article 3 as well as Article 4 shall apply *mutatis mutandis*.

Article 6.

(1) To the extent that those concerned have not made another arrangement admitted by the appropriate agencies of the Contracting Party in whose territory the investment is situated, transfers under paragraphs 2 or 3 of Article 3, under Article 4 or Article 5 shall be made without delay in the currency agreed upon and at the rate of exchange effective for current transactions on the day the transfer is made. paragraphs 2 or 3 of Article 3, under Article 4 or Article 5 shall be made without delay in the currency agreed upon and at the rate of exchange effective for current transactions on the day the transfer is made.

(2) This rate of exchange shall be in accordance with the pertinent regulations of the International Monetary Fund. In cases of doubt the rate of exchange shall be based on those rates which would be applied by the International Monetary Fund at the date of payment for conversions of Special Drawing Rights into the currencies of the countries concerned.

Article 7.

(1) If the legislation of either Contracting Party or international obligations existing at present or established hereafter between the Contracting Parties in addition to the present Treaty, contain a regulation, whether general or specific, entitling investments by nationals or companies of the other Contracting Party to a treatment more favourable than is provided for by the present Treaty, such regulation shall to the extent that it is more favourable prevail over the present Treaty.

(2) Either Contracting Party shall observe any other obligation it may have entered into with regard to investments in its territory by nationals or companies of the other Contracting Party.

Article 8.

(1) The term „investment" shall comprise every kind of asset, and more particularly, though not exclusively,

a) Movable and immovable property as well as any other rights in rem, such as mortgages, liens, pledges, usufructs and similar rights;

b) Shares of companies and other kinds of interest;

c) Claims to money or to any performance having an economic value;

d) Copyrights, industrial property rights, technical processes, trade-names, and good will;

e) Business concessions under public law, including concessions to search for, extract or exploit natural resources.

Any alteration of the form in which assets are invested shall not affect their classification as investment.

(2) The term „returns" shall mean the amounts yielded by an investment for a definite period as profit or interest.

(3) The term „nationals" shall mean

a) In respect of the Federal Republic of Germany:

Germans within the meaning of the Basic Law for the Federal Republic of Germany;

b) In respect of the Hashemite Kingdom of Jordan:

Owner of Jordanian nationality.

(4) The term "companies" shall mean

a) In respect of the Federal Republic of Germany:

Any juridical person as well as any commercial or other company or association with or without legal personality, having its seat in the German area of application of the present Treaty and lawfully existing consistent with legal provisions, irrespective of whether the liability of its partners, associates or members is limited or unlimited and whether or not its activities are directed at profit;

b) In respect of the Hashemite Kingdom of Jordan:

Any juridical person as well as any commercial or other company or association with or without legal personality, having its seat in the territory of the Hashemite Kingdom of Jordan and lawfully existing consistent with legal provisions, irrespective of whether the liability of its partners, associates or members is limited or unlimited and whether or not its activities are directed at profit.

Article 9.

The present Treaty shall also apply to investments made prior to its entry into force by nationals or companies of either Contracting Party in the territory of the other Contracting Party consistent with the latter's legislation.

Article 10.

(1) Disputes concerning the interpretation of application of the present Treaty should, if possible, be settled by the Governments of the two Contracting Parties.

(2) If a dispute cannot thus be settled, it shall upon the request of either Contracting Party be submitted to an arbitral tribunal.

(3) Such arbitral tribunal shall be constituted for each individual case as follows: Each Contracting Party shall appoint one member, and these two members shall agree upon a national of a third State as their chairman to be appointed by the Governments of the two Contracting Parties. Such members shall be appointed within two months, and such chairman within three months, from the date on which either Contracting Party has informed the other Contracting Party that it wants to submit the dispute to an arbitral tribunal.

(4) If the periods specified in paragraph 3 above have not been observed, either Contracting Party may, in the absence of any other relevant agreement, invite the President of the International Court of Justice to make the necessary appointments. If the President is a national of either Contracting Party or if he is otherwise prevented from discharging the said function, the Vice-President should make the necessary appointments. If the Vice-President is a national of either Contracting Party or if he, too, is prevented from discharging the said function, the Member of the International Court of Justice next in seniority who is not a national of either Contracting Party should make the necessary appointments. paragraph 3 above have not been observed, either Contracting Party may, in the absence of any other relevant agreement, invite the President of the International Court of Justice to make the necessary appointments. If the President is a national of either Contracting Party or if he is otherwise prevented from discharging the said function, the Vice-President should make the necessary appointments. If the Vice-President is a national of either Contracting Party or if he, too, is prevented from discharging the said function, the Member of the International Court of Justice next in seniority who is not a national of either Contracting Party should make the necessary appointments.

(5) The arbitral tribunal shall reach its decisions by a majority of votes. Such decisions shall be binding. Each Contracting Party shall bear the cost of its own member and of its counsel in the arbitral proceedings; the cost of the Chairman and the remaining costs shall be borne in equal parts by both Contracting Parties. The arbitral tribunal may make a different regulation concerning costs. In all other respects, the arbitral tribunal shall determine its own procedure.

Article 11.

The provisions of the present Treaty shall remain in force also in the event of a conflict arising between the Contracting Parties, without prejudice to the rights of taking such temporary measures as are permitted under the general rules of international law. Measures of this kind shall be repealed not later than on the date of the actual termination of the conflict, irrespective of whether or not diplomatic relations have been re-established.

Article 12.

With the exception of the provisions in paragraph 7 of the Protocol, referring to air transport, the present Treaty shall also apply to Land Berlin, provided that the Government of the Federal Republic of Germany has not made a contrary declaration to the Government of the Hashemite Kingdom of Jordan within three months from the entry into force of the present Treaty.

Article 13.

(1) The present Treaty shall be ratified; the instruments of ratification shall be exchanged as soon as possible in Amman.

(2) The present Treaty shall enter into force one month after the day of exchange of the instruments of ratification. It shall remain in force for a period of ten years and shall continue in force thereafter for an unlimited period except if denounced in writing by either Contracting Party one year before its expiration. After the expiry of the period of ten years the present Treaty may be denounced at any time by either Contracting Party giving one year's notice.

(3) In respect of investments made prior to the date of termination of the present Treaty, the provisions of Articles 1 to 12 shall continue to be effective for a further period of fifteen years from the date of termination of the present Treaty. Articles 1 to 12 shall continue to be effective for a further period of fifteen years from the date of termination of the present Treaty.

Done at Bonn on 15 July, 1974, in duplicate in the German and English languages, both texts being equally authentic.

For the Federal Republic of Germany

Genscher

For the Hashemite Kingdom of Jordan

Hassan Ibn Talal

PROTOCOL

On signing the Treaty concerning the encouragement and reciprocal protection of investments, concluded between the Federal Republic of Germany and the Hashemite Kingdom of Jordan, the undersigned plenipotentiaries have, in addition, agreed on the following provisions which should be regarded as an integral part of the said Treaty:

(1) Ad article 1

a) Each Contracting Party is free to decide, in accordance with its legislation and rules and regulations framed thereunder and with due regard to its policies and published plans, whether it will grant a permit required. When a permit is issued the respective investment enjoys full protection of this Treaty.

b) In respect of investments in the territory of the Hashemite Kingdom of Jordan, the term "investment", wherever it is used in this Treaty, shall refer to all investments made in projects classified in the certificate of admission by the appropriate authority of the Hashemite Kingdom of Jordan as an "economic project" or as an "approved economic project".

(2) Ad article 2

a) The following shall more particularly, though not exclusively, be deemed "activity" within the meaning of paragraph 2 of article 2: the management, maintenance, use, and enjoyment of an investment. The following shall, in particular, be deemed "treatment less favourable" within the meaning of paragraph 2 of article 2: restricting the purchase of raw or

auxiliary materials, of power or fuel or of means of production or operation of any kind, impeding the marketing of products inside or outside the country, as well as any other measures having similar effects. Measures that have to be taken for reasons of public security and order, public health or moral ity shall not be deemed "treatment less favourable" within the meaning of article 2.

b) Paragraph 2 of article 2 shall not apply to entry, sojourn, and activity as an employee.

(3) Ad article 3

The provisions of paragraph 2 of article 3 shall also apply to the transfer of an investment to public ownership, to the subjection of an investment to public control, or to similar interventions by public authorities. Expropriation shall mean the taking away or restricting of any property right which in itself or in conjunction with other rights constitutes an investment.

(4) Ad article 4

"Liquidation" within the meaning of article 4 shall be deemed to include any disposal effected for the purpose of completely or partly giving up the investment concerned.

(5) Ad article 6

A transfer shall be deemed to have been made "without delay" within the meaning of paragraph 1 of article 6 if made within such period as is normally required for the completion of transfer formalities. The said period shall commence on the day on which the relevant request has been submitted and may on no account exceed two months.

If at a later date the International Monetary Fund ceases to convert currencies on the basis of the special drawing rights, article 6, paragraph 2, sentence 2, will have to be revised accordingly.

(6) Ad article 8

a) Returns from an investment, as well as returns from re-invested returns, shall enjoy the same protection as the original investment.

b) Without prejudice to any other method of determining nationality, any person in possession of a national passport issued by the appropriate authorities of either Contracting Party shall be deemed to be a national of that Party.

(7) Whenever goods or persons connected with the making of investments are to be transported, either Contracting Party shall neither exclude nor hinder transportation enterprises of the other Contracting Party and shall issue permits as required to carry out such transports. This includes the transportation of

a) Goods directly intended for an investment within the meaning of the present Treaty or acquired in the territory of either Contracting Party or of any third State by or on behalf of an enterprise in which assets within the meaning of the present Treaty are invested;

b) Persons travelling in connection with the making of investments.

DONE at Bonn on 15 July, 1974, in duplicate in the German and English languages, both texts being equally authentic.

For the Federal Republic of Germany

Genscher

For the Hashemite Kingdom of Jordan

Hassan Ibn Talal

EXCHANGE OF NOTES

I OFFICE OF THE CROWN PRINCE OF THE HASHEMITE KINGDOM OF JORDAN

Bonn, 15 July 1974

Excellency,

Intending to facilitate and promote the making and developing of investments by German nationals or companies in Jordan,

the Hashemite Kingdom of Jordan will grant the necessary permits to German nationals who in connexion with investments by German nationals or companies desire to enter and stay in Jordan and to carry on an activity there as an employee, except as reasons of public order and security, of public health or morality may warrant otherwise.

Accept, Excellency, the assurance of my high consideration.

HASSAN IBN TALAL

His Excellency the Minister for Foreign Affairs of the Federal Republic of Germany

Mr. Hans-Dietrich Genscher

II THE MINISTER FOR FOREIGN AFFAIRS OF THE FEDERAL REPUBLIC OF GERMANY

Bonn, 15 July 1974

Your Royal Highness,

I have the honour to confirm the receipt of your letter of today which reads as follows:

[See note I]

Accept, Your Royal Highness, the assurance of my highest consideration.

GENSCHER

His Royal Highness Crown Prince Hassan Ibn Talal of the Hashemite Kingdom of Jordan