

**AGREEMENT
BETWEEN THE GOVERNMENT OF THE ARAB REPUBLIC OF EGYPT
AND
THE GOVERNMENT OF THE REPUBLIC OF ICELAND
FOR THE PROMOTION AND RECIPROCAL PROTECTION OF
INVESTMENTS**

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

Desiring to develop economic co-operation to the mutual benefit of both Contracting Parties,

Intending to create and maintain favourable conditions for investments of investors of one Contracting Party in the territory of the other Contracting Party, and

Affirming their obligations in the Free Trade Agreement signed between Egypt and EFTA Member States signed on 27 January 2007, and

Conscious that the promotion and reciprocal protection of investments in terms of this Agreement stimulates the business initiatives in this field,

Have agreed as follows:

**Article 1
Definitions**

For the purposes of this Agreement:

1. The term "investment" shall mean every kind of asset invested in connection with economic activities by an investor of one Contracting Party in the territory of the other Contracting Party in accordance with the legislation of the latter and shall include, in particular, though not exclusively:

- a) movable and immovable property and derived rights, such as leases, mortgages, liens or pledges;
- b) shares, stocks and any other form of participation in a company;
- c) claims to money or to any performance under contract having a financial value associated with an investment or returns reinvested;
- d) intellectual property rights, which include trade marks, patents, registered design rights, copyright, and plant varieties rights associated with an investment;
- e) any right conferred by laws or under contract and any licenses and permits pursuant to laws, including the concessions to search for, extract, cultivate or exploit natural resources.

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

2. The term “investor” shall mean, with regard to either Contracting Party, a natural person having the citizenship of that Contracting Party in accordance with its legislation and any legal person established in the territory of that Contracting Party in accordance with its legislation.

3. The term "territory" means the territory of each Contracting Party, as well as areas beyond the territory in which each Contracting Party may exercise sovereign rights or jurisdiction in accordance with international law.

4. The term “executive” means a natural person who primarily directs the management of an enterprise or establishes goals and policies for the enterprise or a major component or function of the enterprise, exercises wide latitude in decision-making and receives only general supervision or direction from higher-level executives, the board of directors, or stockholders of the enterprise.

5. The term “manager” means a natural person who directs the management of an enterprise, or department, or subdivision of the enterprise, supervises and controls the work of other supervisory, professional or managerial employees, has the authority to hire or fire or recommend hiring, firing or other personnel actions and exercises discretionary authority over day-to-day operations at a senior level.

6. The term “specialist” means a natural person who possesses knowledge at an advanced level of expertise and who may be required to possess specific or proprietary knowledge of the enterprise's product, service, research equipment, techniques, or management.

Article 2

Promotion and Protection of Investments

1. Each Contracting Party shall encourage and create favourable conditions for investors of the other Contracting Party to make investments in its territory and shall admit such investments in accordance with its legislation.

2. Investments of investors of either Contracting Party shall at all times be accorded fair and equitable treatment and shall enjoy protection and security in the territory of the other Contracting Party. Neither Contracting Party shall impede investors of the other Contracting Party by unreasonable or discriminatory measures in its territory as regards the management, maintenance, use, enjoyment or disposal of investments.

Article 3

National and Most-Favoured-Nation Treatment

1. Each Contracting Party shall in its territory accord to investments and returns of investors of the other Contracting Party treatment which is fair and equitable and not less favourable than that which it accords to investments and returns of its own investors or to investments and returns of investors of any third State, whichever is more favourable.

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

3. The provisions of paragraphs 1 and 2 of this Article shall not be construed so as to oblige one Contracting Party to extend to the investors of the other Contracting Party and their investments special rights accorded to nationals or investments of nationals of any third State by virtue of an agreement establishing a free-trade area, a customs union, a common market, a common labour market or a regional economic integration.

4. The provisions of paragraphs 1 and 2 of this Article shall not be applicable to tax measures. Nothing in this Agreement shall affect the rights and obligations of either Contracting Party derived from any tax convention. In the event of any inconsistency between the provisions of this Agreement and any tax convention, the provisions of the latter shall prevail.

Article 4 Key Personnel

The Contracting Parties shall within the framework of their national legislation facilitate applications of the entry and sojourn of persons of either Contracting Party who wish to enter the territory of the other Contracting Party in connection with an investment; the same shall apply to employed persons of either Contracting Party who in connection with an investment wish to enter the territory of the other Contracting Party and sojourn there to take up employment. Applications for work permits shall also be facilitated.

Article 5 Compensation for Losses

1. Where investments of investors of either Contracting Party suffer losses owing to war, armed conflict, a state of national emergency, revolt, insurrection, riot or other similar events in the territory of the other Contracting Party, such investors shall be accorded by the latter Contracting Party treatment, as regards restitution, indemnification, compensation or other settlement, not less favourable than that which the latter Contracting Party accords to its own investors or to investors of any third State.

2. Without prejudice to paragraph 1 of this Article, investors of one Contracting Party who in any of the events referred to in that paragraph suffer losses in the territory of the other Contracting Party resulting from:

- a) requisitioning of their property by the forces or authorities of the latter Contracting Party, or
- b) destruction of their property by the forces or authorities of the latter Contracting Party which was not caused in combat action or was not required by the necessity of the situation,

shall be accorded restitution or just and adequate compensation for the losses sustained during the period of the requisitioning or as a result of the destruction of the property. Resulting payments shall be freely transferable in a freely convertible currency without delay.

Article 6 Expropriation

1. Investments of investors of either Contracting Party shall not be nationalized, expropriated or subjected to measures having effect equivalent to nationalization or expropriation (hereinafter referred to as "expropriation") in the territory of the other Contracting Party except for a public purpose. The expropriation shall be carried out under due process of law, on a non-discriminatory basis and shall be accompanied by provisions for the payment of prompt, adequate and effective compensation. Such compensation shall amount to the value of the investment expropriated immediately before expropriation or impending expropriation became public knowledge, shall include interest from the date of expropriation, shall be made without delay, be effectively realisable and be freely transferable in a freely convertible currency.

2. The investor affected shall have a right to prompt review by a judicial or other independent authority of that Contracting Party in which territory the investment has been made, of his or its case and of the valuation of his or its investment in accordance with the principles set out in this Article.

Article 7 Transfers

1. The Contracting Parties shall guarantee the transfer of payments related to investments and returns. The transfers shall be made in a freely convertible currency, without any restriction and undue delay. Such transfers shall include in particular, though not exclusively:

- a) the initial capital and additional amounts to maintain or increase the investment;
- b) profits, interest, dividends and other current income or returns;
- c) payments made under a contract including a loan agreement;
- d) royalties or fees;
- e) proceeds of sale or liquidation of all or part of the investment;
- f) the earnings of personnel engaged from abroad who are employed and allowed to work in connection with an investment in the territory of the other Contracting Party.
- g) payments of compensation under Article 5 and Article 6 and payments of arbitral awards under Article 10.

2. For the purpose of this Agreement, exchange rate shall be the prevailing market rate for current transactions at the date of transfer, unless otherwise agreed.

3. Transfers shall be considered to have been made "without any undue delay" in the sense of paragraph 1 of this Article when they have been made within the period normally necessary for the completion of the transfer.

4. In case of serious balance of payments difficulties or the threat thereof, each Contracting Party may temporarily restrict transfers provided that such a Contracting Party implements measures or a programme in accordance with internationally

recognized standards. These restrictions should be imposed on an equitable, non-discriminatory and in good faith basis.

Article 8 Transparency

Either Contracting Party shall promptly publish, or otherwise make publicly available, its laws, regulations, procedures and administrative rulings and judicial decisions of general application which may affect the operation of this Agreement.

Article 9 Subrogation

1. If a Contracting Party or its designated agency makes a payment to its own investor under an indemnity, guarantee or contract of insurance given in respect of an investment of an investor of that Contracting Party in the territory of the other Contracting Party, the latter Contracting Party shall recognize:

a) the assignment, whether under the law or pursuant to a legal transaction in that country, of any right or claim by the investor to the former Contracting Party or its designated agency, as well as,

b) that the former Contracting Party or its designated agency is entitled by virtue of subrogation to exercise the rights and enforce the claims of that investor and shall assume the obligations related to the investment.

2. The subrogated rights or claims shall not exceed the original rights or claims of the investor.

Article 10 Settlement of Investment Disputes between a Contracting Party and an Investor of the other Contracting Party

1. Any dispute which may arise between an investor of one Contracting Party and the other Contracting Party in connection with an investment in the territory of that other Contracting Party shall be subject to negotiations between the parties to the dispute.

2. If any dispute between an investor of one Contracting Party and the other Contracting Party cannot be thus settled, the investor shall be entitled to submit the case, at his choice, for settlement to:

a) the competent court or administrative tribunal of the Contracting Party which is a party to the dispute;

or

b) the International Centre for Settlement of Investment Disputes (ICSID) having regard to the applicable provisions of the Convention on the Settlement of Investment Disputes between States and Nationals of other States opened for signature at

Washington D.C. on 18 March 1965, in the event that both Contracting Parties shall have become a party to this Convention;

or

c) the additional Facility Rules of ICSID, if either the disputing Contracting Party or the Contracting Party of the Investor, but not both, is a party of the ICSID Convention;

or

d) an arbitrator or international ad hoc arbitral tribunal established under the Arbitration Rules of the United Nations Commission on International Trade Law (UNCITRAL). The parties to the dispute may agree in writing to modify these Rules.

The arbitral awards shall be final and binding on both parties to the dispute and shall be enforceable in accordance with the domestic legislation of the disputing Contracting Party.

Article 11 Settlement of Disputes between the Contracting Parties

1. Disputes between the Contracting Parties concerning the interpretation or application of this Agreement shall, if possible, be settled through consultations or negotiations.

2. If the dispute cannot be thus settled within six months, it shall upon the request of either Contracting Party be submitted to an Arbitral Tribunal in accordance with the provisions of this Article.

3. The Arbitral Tribunal shall be constituted for each individual case in the following way: Within two months of the receipt of the request for arbitration, each Contracting Party shall appoint one member of the Tribunal. These two members shall then select a national of a third State who on approval of the two Contracting Parties shall be appointed Chairman of the Tribunal (hereinafter referred to as the "Chairman"). The Chairman shall be appointed within three months from the date of appointment of the other two members.

4. If within the periods specified in paragraph 3 of this Article the necessary appointments have not been made, a request may be made to the President of the International Court of Justice to make the necessary appointments. If the President happens to be a national of either Contracting Party or is otherwise prevented from discharging the said function, the Vice-President shall be invited to make the necessary appointments. If the Vice-President also happens to be a national of either Contracting Party or 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 shall be invited to make the necessary appointments.

5. The Arbitral Tribunal shall reach its decision by a majority of votes. Such decision shall be binding. Each Contracting Party shall bear the cost of its own arbitrator and its

representation 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 shall determine its own procedure.

Article 12
Application of Other Rules and Special Commitments

1. Where a matter is governed simultaneously by this Agreement and by another international agreement, to which both Contracting Parties are parties, nothing in this Agreement shall prevent either Contracting Party or any of its investors who own investments in the territory of the other Contracting Party from taking advantage of whichever rules are more favorable to his case.
2. If the treatment to be accorded by one Contracting Party to investors of the other Contracting Party in accordance with its laws and regulations or other specific provisions of contracts is more favourable than that accorded by this Agreement, the more favourable treatment shall be accorded.

Article 13
Essential Security Interests

Nothing in the Agreement shall be construed to prevent either Contracting Party from taking measures to fulfill its obligations with respect to the protection of its essential security interests.

Article 14
Application

The provisions of this Agreement shall apply to all investments by investors of one Contracting Party in the territory of the other Contracting Party prior to or after the entry into the force of this Agreement. It shall, however, not be applicable to divergences or disputes which have arisen prior to its entry into force.

Article 15
Entry into Force, Duration and Termination

1. Each of the Contracting Parties shall notify the other of the completion of the procedures required by its law for bringing this Agreement into force. This Agreement shall enter into force on the date of the second notification.
2. This Agreement shall remain in force for a period of ten years. Thereafter, it shall remain in force until the expiration of a twelve month period from the date either Contracting Party notifies the other in writing of its intention to terminate this Agreement.

3. In respect of investments made prior to the termination of this Agreement, the provisions of this Agreement shall continue to be effective for a period of ten years from the date of termination.

IN WITNESS WHEREOF, the undersigned duly authorized have signed this Agreement.

DONE in duplicate at Cairo , this 8th day of January 2008, in the Arabic, Icelandic and English language, all texts being equally authentic.

In case of any divergence of interpretation the English text shall prevail.

**For the Government of the
Arab Republic of Egypt**

**For the Government of the
Republic of Iceland**