



Agreement
between the Lebanese Republic and the Syrian Arab Republic
on the Promotion and Protection of Investments
[Informal Translation]

The Government of the Lebanese Republic and the Government of the Syrian Arab Republic, hereinafter referred to as "the Contracting Parties".

Believing in the importance of promoting the progress of cooperation and complementarity existing between them, the foundations of which were established by H. Excellency the President of the Syrian Arab Republic, M. Hafez El-Assad, and H. Excellency the President of the Lebanese Republic, M. Elias Hraoui,

Based on the provisions of the Fraternity, Cooperation and Coordination Treaty concluded between them in 1991,

In application of the provisions of the Economic and Social Cooperation Agreement concluded between them in 1993,

And based on their mutual desire to reinforce the investment activity in their two countries by creating the required favorable conditions for Syrian and Lebanese investors and business men in order to prompt them to create and establish investment projects capable of promoting the economic development in the two countries,

Have agreed on the following:

Article 1:

The above preamble shall be considered as an integral part of this Agreement.

Article 2: Definitions

For the purposes of the present Agreement:

1. The term "*investor*" refers, with regard to either Contracting Party, to the following:
 - a. Natural persons who, according to the laws and regulations in force, hold the citizenship of that Contracting Party and exercise investment activities in the territory of the other Party.
 - b. Legal entities of either Contracting Party who, according to the laws and regulations in force, exercise investment activities in the territory of the other Party, including corporations as well as public, private and mixed enterprises.
2. The term "*investments*" shall comprise every kind of property invested as asset, after the entry into force of this Agreement, by citizens of either Contracting Party in the territory of the other Contracting Party, and according to the laws and regulations in force for the promotion of investment, including for instance:
 - a. Movable and immovable property.
 - b. Rights in rem such as mortgages, debentures and similar rights.
 - c. Shares, stocks, participations in companies or shares issued by either one of the two countries and allowed to circulate according to the laws and regulations in force in each of them.
 - d. Credits and deposits.
 - e. Intellectual property rights, such as copyrights, patents, industrial designs or models, trade marks, trade names, technical processes, know-how, technical expertise and goodwill, as well as other similar rights recognized by the laws of the Contracting Parties; and

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



3. The term "*returns*" means amounts yielded by an investment and includes in particular, though not exclusively, profits, dividends, interest or royalties and capital gains.

Article 3: Promotion of Investments

1. Investments and their returns which are invested by any natural person or legal entity in the country of the second Party shall benefit from facilities, incentives and other forms of encouragement, including exemptions from taxes and charges provided for in the investment laws and regulations in force in the host country of the investment, provided that the licensing document authorizing each investment specifies the applicable law thereon.
2. Investors in either Contracting Country shall be authorized to engage a number of employees and experts of a third state nationality within the limits allowed by the legislation of the host Country. Both Contracting Countries shall provide all necessary facilities, including the issuance of stay permits to such personnel and experts and their families in accordance with their laws and regulations.
3. Each Contracting Party shall grant a fair and equitable treatment within its territory to investments made by investors of the other Contracting Party in conformity to laws and regulations on the encouragement of investments of its territory. Such treatment shall not be less favorable than that which it grants to, and applies on, its own citizens.

Article 4: Protection of Investments

Neither Contracting Party shall, in any way, prejudice the other Party's investments, their management, maintenance, renewal, sale or disposal by measures inconsistent with laws and regulations in force, this having to conform to the following:

1. It is forbidden to proceed, either directly or indirectly, to the nationalization, expropriation or freezing of investments of either Contracting Party in the territory of the other contracting Party, or investments made by any of their investors, whether natural or legal persons as it is also forbidden to submit such investments to measures having the same effect as nationalization or expropriation or limiting the disposal of the investment's property and returns thereof, unless the measures are taken for the general benefit and in the public interest of this country or against a fair compensation, on a non-discriminatory basis and in conformity to laws in force. This compensation may be transferred back in conformity with article (5) of this Agreement.
2. Without prejudice to the provisions of art. 7 of this Agreement, the investor shall have the right to object any of these measures and may, for this purpose, pursue various legal and judicial procedures in force in the host country.
3. Such compensation shall amount to the fair market value of the expropriated investment, immediately before the expropriation decision was promulgated or merely when the expropriation became public knowledge, or shall be determined according to the principles of determination of the prevailing market value; in case of failure to determine the market value, the compensation value shall be determined based on the fair principles, taking into consideration the invested capital and its amortization, the goodwill and other similar issues.
4. Investors of one 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 insurrection shall be accorded by the latter Contracting Party, as regards restitution, indemnification, or other compensation, treatment no less favorable than that which the latter Contracting Party accords to its own investors, and shall allow their transfer abroad according to the provisions of article (5).

Article 5: Transfer Back of Capital and Returns

Each Contracting Party shall allow the transfer back abroad of the transferred capital and returns thereof or the principal invested in its territory, in the same currency in which it was originally or in any freely convertible and transferable currency, without undue delay and in conformity with the laws and regulations on investments by virtue of which the project had been licensed. This will include for instance:



- a. Profits or dividends of shares, interests or other returns due to any investment made in the territory of the other Contracting Country, according to the laws on investments by virtue of which the project had been licensed;
- b. Amounts accruing from the total or partial liquidation of any investment made in the territory of the other Contracting Country;
- c. Amounts relating to loan installments and interests thereof obtained from abroad in foreign currency, with the knowledge of the investment host Country, with the purpose of financing or expanding the investment.

Article 6: Settlement of Investment Disputes between the Investor and the Host Country

The disputes regarding various aspects of investments and related activities and concerning one of the Contracting Parties or their investors will be settled through conciliation or arbitration or by resorting to the Arab Investment Tribunal, in conformity with the provisions of chapter 6 of the Unified Convention for the Investment of Arab Funds in the Arab Countries and the Annex thereof, approved by the Arab Economic and Social Council, in its Resolution No 841, dated 10/9/1980, adopted in its 29th session held in Tunis. The investor is also entitled to resort to the domestic courts in the following cases:

1. Failure of the parties to resort to conciliation.
2. Failure of the conciliator to issue his report within the fixed delay.
3. Failure of the parties to agree on the solutions proposed in the conciliator's report.
4. Failure of the parties to agree on the resort to arbitration.
5. Failure of the arbitral tribunal to issue its award within the agreed period, regardless of the reason.

Article 7: Settlement of Disputes between Contracting Parties

The Follow Up and coordination Commission, provided for in the Fraternity, Cooperation and Coordination Treaty, shall carry out the interpretation of the provisions of the present Agreement and the settlement of disputes arising from its application.

Article 8: The Joint Committee

For the purpose of this Agreement, a joint Committee shall be formed in order to encourage and protect investments. This Committee shall include representatives of the concerned bodies in both contracting Countries and shall be in charge of the following tasks:

1. Follow up the enforcement of the provisions of the present Agreement and any bilateral agreements deriving there from, and examine the means and ways resulting in the encouragement of investments between them.
2. Endeavor to eliminate difficulties which obstruct the execution of investments.
3. Examine the means of setting up, financing and promoting joint projects in both countries.
4. Examine proposals submitted to it by the concerned bodies in both countries.

This Committee shall meet once every semester and whenever necessary, this being done in coordination and cooperation with the General Secretariat of the Syrian Lebanese Higher Council.

Article 9: Other Rules and Specific Obligations

The investments and their returns provided for in article 4 of this Agreement shall benefit from the privileges decided in virtue of collective Arab agreements related to investments, of which the Contracting Parties are members and which are duly ratified.

Article 10: The Domains of Investment

The citizens of either Contracting State shall have the right to invest in the other contracting State in the various fields of investment allowed by the latter's laws and regulations in force, notably in the industrial, agricultural, health, tourist, transportation and other fields. The investment project shall



benefit from the protection provided for in this Agreement only after the approval of the competent authorities in the country where the investment is made, and after valid licenses have been delivered by competent authorities therein.

Article 11: General provisions

This Agreement shall be considered as an integral part of the Fraternity, Cooperation and Coordination Treaty concluded on 22 May 1991 between the Lebanese Republic and the Syrian Arab Republic.

Article 12: Termination of the Agreement

1. This Agreement shall enter into force on the day on which the Contracting Parties have exchanged notices whereby they acknowledge each other of the ratification thereof by the competent authorities, in conformity with the constitutional regulations in force in each of the Contracting States.
2. This Agreement shall remain in force for a period of ten years as from the date of its entry into force and shall be renewed thereafter for similar periods, unless either Contracting Party notifies the other Contracting Party in writing, six months before its termination, of its intention to terminate it.
3. The termination of this Agreement shall not affect investments made according to its provisions, until the termination or liquidation of such investments.

Done in Damascus, on 12/1/1997, in two originals copies, each of them being equally authentic.

For the Government
of the Lebanese Republic

Fouad Sanioura

For the Government
of the Syrian Arab Republic

Mahmoud Khaled al-Mahayni