AGREEMENT

BETWEEN

THE LEBANESE REPUBLIC

AND

THE KINGDOM OF SPAIN

ON THE RECIPROCAL PROMOTION AND
PROTECTION OF INVESTMENTS

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BETWEEN THE LEBANESE REPUBLIC AND THE KINGDOM OF SPAIN ON THE RECIPROCAL PROMOTION AND PROTECTION OF INVESTMENTS

The Lebanese Republic and the Kingdom of Spain, hereinafter referred to as "The contracting Parties",

Desiring to intensify their economic cooperation for the mutual benefit of both countries,

Intending to create favorable conditions for investments made by investors of each Contracting Party in the territory of the other Contracting Party,

And

Recognizing that the promotion and protection of investments under this Agreement will stimulate initiatives in this fields,

Have agreed as follows:

ARTICLE I
DEFINITIONS

For the purposes of the present Agreement,

1. The term "investor" refers with regard to either Contracting Party to:

   a) natural persons who, according to the law of that Contracting Party, are considered to be its nationals;

   b) legal entities, including companies, corporations, business associations, branches and other organizations incorporated or constituted, or otherwise, duly organized under the law of that Contracting Party and having their seat, together with real economic activities in the territory of that same Contracting Party.

2. The term "Investments" shall include every kind of assets and particularly, but not exclusively:

   a) shares in and stocks and debentures of a company, or any other form of participation in a company;

b) claims to money or to any activity having an economic value;

c) movable and immovable property and any other property rights such as mortgages, liens, pledges and similar rights;

d) industrial and intellectual property rights, including patents, licenses, trademarks and trade-names, as well as technical processes, know-how and goodwill;

e) rights to engage in economic and commercial activities conferred by law or by virtue of a contract, including concessions to search for, cultivate, extract or exploit natural resources.

Any change of the form in which assets are invested or reinvested shall not affect their nature as an investment.

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

4. The term "territory" designates the land territory and territorial waters of each of the Contracting Parties, as well as the exclusive economic zone and the continental shelf that extends outside the limits of the territorial waters of each of the Contracting Parties, over which they have or may have jurisdiction and sovereign rights for the purposes of exploitation, exploration and conservation of natural resources, pursuant to international law.

ARTICLE II
PROMOTION AND ADMISSION

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

2. In order to encourage mutual investments flows, each Contracting Party shall endeavor to inform the other Contracting Party, at the request of the latter Contracting Party, on the investment opportunities in its territory.

3. Each Contracting Party shall grant the necessary permits relating to these investments and shall allow, within the framework of its law, the execution of work permits and contracts related to

manufacturing-licenses and technical, commercial, financial and administrative assistance.

4. Each Contracting Party shall also grant, whenever necessary, the permits required in connection with the activities of consultants or experts engaged by investors of the other Contracting Party, regardless of their nationality.

5. This Agreement shall also be applicable to investments made in the territory of a Contracting Party, in accordance with its laws and regulations, by investors of the other Contracting Party prior to the entry into force of this Agreement.

ARTICLE III
PROTECTION

1. Investments of investors of each Contracting Party in the territory of the other Contracting Party shall at all times be accorded fair and equitable treatment and shall enjoy full protection and security. In no case shall a Contracting Party accord to such investments treatment less favorable than that required by international law.

2. Neither Contracting Party shall in any way impair by arbitrary or discriminatory measures the management, maintenance, use, enjoyment, extension, sale, and if it is the case, the liquidation of such investments. Each Contracting Party shall observe any obligation it may have entered into with regard to investments of investors of the other Contracting Party.

ARTICLE IV
NATIONAL TREATMENT AND MOST FAVOURED NATION TREATMENT

1. Each Contracting Party shall in its territory accord to investments or returns of investors of the other Contracting Party treatment no less favorable than that which it accords to investments or returns of investors of any third State.

2. However, this treatment shall not extend to the privileges which either Contracting Party may grant to investors of a third State by virtue of its membership of, or association with, any existing or future free trade area, customs union, common market or similar international agreements or associations of States to which either of the Contracting Parties is or may become a Party.

3. The treatment given pursuant to this article shall not oblige one Contracting Party to extend to the investors of the other Contracting Party the benefit of any privilege, tax deduction, exemption or other similar privileges granted by either of the Contracting Parties to investors of third countries by virtue of a double-taxation agreement or any other taxation agreement or any domestic legislation relating wholly or mainly to taxation.

4. Each Contracting Party shall apply, under its own law, no less favorable treatment to the investments of investors of the other Contracting Party than that granted to its own investors.

ARTICLE V
NATIONALIZATION AND EXPROPRIATION

1. Investments and returns of investors of either Contracting Party in the territory of the other Contracting Party shall not be nationalized, expropriated or subjected to measures having an equivalent effect to nationalization or expropriation (hereinafter referred to as "expropriation") except for public interest, pursuant to the law, in a non discriminatory manner and against the payment to the investor of a prompt, adequate and effective compensation.

2. Such compensation shall amount to the fair market value of the expropriated investment immediately before the expropriation or impending expropriation became public knowledge, whichever is first. Compensation shall include interest at a normal commercial rate until the date of payment, shall be paid without delay in a freely convertible currency, be effectively realizable and freely transferable.

3. The investor concerned shall have a right, under the law of the Contracting Party making the expropriation, to prompt review by a judicial or other competent authority of that Contracting Party of its case to determine whether such expropriation and any compensation thereof conforms to the principles set out in this Article.

4. Where a Contracting Party expropriates the assets of a company which is incorporated or constituted under the law in force in any part of its own territory, and in which investors of the other Contracting Party own shares, it shall ensure that the provisions of this Article are applied so as to guarantee prompt, adequate and effective compensation in respect of their investment to such

investors of the other Contracting Party who are owners of those shares.

ARTICLE VI
COMPENSATION FOR LOSSES

1. Investors of one Contracting Party whose investments or returns in the territory of the other Contracting Party suffer losses due to war or to other armed conflict, revolution, state of national emergency, insurrection, civil disturbance or any other similar event, shall be accorded by the latter Contracting Party, as regards restitution, indemnification, compensation or other settlement, treatment no less favorable than that which the latter Contracting Party accords to its own investors or to investors of any third State, whichever is more favorable to the investor concerned.

2. Notwithstanding paragraph 1), an investor of a Contracting Party which, in any of the situations referred to in that paragraph, suffers a loss in the territory of another Contracting Party resulting from:

   a) requisitioning of its investment or part thereof by the latter's forces or authorities; or
   b) destruction of its investment or part thereof by the latter's forces or authorities, which was not required by the necessity of the situation,

shall be accorded by the latter Contracting Party restitution or compensation which in either case shall be prompt, adequate and effective.

3. Any payment made under this Article shall be freely transferable.

ARTICLE VII
TRANSFER

1. Each Contracting Party in whose territory investments have been made by investors of the other Contracting Party shall grant the free transfer of the payments relating to these investments, particularly but not exclusively the following:

   a) the initial capital and additional amounts needed for the maintenance or increase of an investment;
   b) investment returns, as defined in Article I;

c) compensations provided for under Articles V and VI;
d) funds in repayment of loans related to an investment;
e) the proceeds of the total or partial sale or liquidation of an investment;
f) earnings and other remuneration of personnel engaged from abroad in connection with an investment;
g) payments arising out of the settlement of a dispute.

2. The recipient Contracting Party of the investment shall allow the investor of the other Contracting Party to have access to the foreign-exchange market in a non-discriminatory manner so that the investor may purchase the necessary foreign currency to make the transfers pursuant to this Article.

3. Transfers under the present Agreement shall be made without delay in a freely convertible currency at the market rate of exchange prevailing on the date of transfer.

4. The Contracting Parties undertake to facilitate the procedures needed to make these transfers without delay. In particular, no more than one month must elapse from the date on which the investor submits the necessary applications in order to make the transfer until the date the transfer actually takes place.

5. The Contracting Parties shall accord to transfers referred to in the present Article a treatment no less favorable than that accorded to transfers originated from investments made by investors of any third State.

ARTICLE VIII
MORE FAVORABLE TERMS

1. If the legislation of either Contracting Party or obligations under international law existing at present or established hereafter between the Contracting Parties, in addition to this Agreement contain a regulation, whether general or specific, entitling investments by investors of the other Contracting Party to a treatment more favorable than is provided for by this Agreement, such regulation shall to the extent that it is more favorable prevail over this Agreement.

2. More favorable terms than those of this Agreement which have been agreed to by one of the Contracting Parties with investors of the other Contracting Party shall not be affected by this Agreement.

ARTICLE IX
SUBROGATION

In case one Contracting Party or its designated agency makes a payment under an indemnity, guarantee or contract of insurance against non-commercial risks given in respect of an investment made by any of its investors in the territory of the other Contracting Party, the latter Contracting Party shall recognize the assignment of any right or claim of such investor to the first Contracting Party or its designated agency to exercise by virtue of subrogation any such right and claim to the same extent as its predecessor in title.

ARTICLE X
SETTLEMENT OF DISPUTES BETWEEN THE CONTRACTING PARTIES

1. Disputes between Contracting Parties regarding the interpretation or application of the provisions of this Agreement shall be settled through diplomatic channels.

2. If both Contracting Parties cannot reach an agreement within six months from the start of the negotiations, the dispute shall, upon request of either Contracting Party, be submitted to an arbitral tribunal of three members. Each Contracting Party shall appoint one arbitrator, and these two arbitrators shall nominate a chairman who shall be a citizen of a third State.

3. If one of the Contracting Parties has not appointed its arbitrator and has not followed the invitation of the other Contracting Party to make that appointment within tow months, the arbitrator shall be appointed upon the request of that Contracting Party by the President of the International Court of Justice.

4. If both arbitrators cannot reach an agreement about the choice of the chairman within two months after their appointment, the latter shall be appointed upon the request of either Contracting Party by the President of the International Court of Justice.

5. If, in the cases specified under paragraph 3 and 4 of this Article, the President of the International Court of Justice is prevented from carrying out the said function or if he is a citizen of either Contracting Party, the appointment shall be made by the Vice-President, and if the latter is prevented or if he is a citizen of either Contracting Party, the appointment shall be made by the most senior Judge of the Court who is not a citizen of either Contracting Party.

6. The tribunal shall issue its decision on the basis of respect for the law, of the rules contained in this Agreement or in other agreements in force between the Contracting Parties, and as well as of the universally accepted principles of international law.

7. Subject to other provisions made by the Contracting Parties, the tribunal shall determine its procedure.

8. Each Contracting Party shall bear the cost of the arbitrator it has appointed and of its representation in the arbitral proceedings. The cost of the chairman and the remaining costs shall be borne in equal parts by the Contracting Parties.

9. The decisions of the tribunal are final and binding for each Contracting Party.

ARTICLE XI
DISPUTE BETWEEN ONE PARTY AND INVESTORS OF THE OTHER CONTRACTING PARTY

1. Disputes that may arise between one of the Contracting Parties and an investor of the other Contracting Party with regard to an investment in the sense of the present Agreement, shall be notified in writing, including a detailed information, by the investor to the recipient Contracting Party of the investment. As far as possible, the parties concerned shall endeavor to settle these differences amicably.

2. If these disputes cannot be settled amicably within six months from the date of the written notification mentioned in paragraph 1, the dispute shall be submitted, at the choice of the investor, to:

   - the competent court of the Contracting Party in whose territory the investment was made;

   - an ad hoc court of arbitration established under the Arbitration Rules of the United Nations Commission on International Trade Law;

   - The International Centre for Settlement of Investment Disputes (ICSID) set up by the “Convention on Settlement of Investment Disputes between States and Nationals of other States”, opened for signature at Washington on 18 March 1965, in case both Contracting Parties become signatories to this Convention. As long as a Contracting Party which is party to the dispute has not become a Contracting State of the Convention mentioned

above, the dispute shall be dealt with pursuant to the Additional Facility for The Administration of Conciliation Proceedings of the Secretariat of the Centre.

3. The settlement of any dispute shall be based on:

- the provisions of this Agreement and of the other agreements in force between the Contracting Parties;

- the rules and the universally accepted principles of international law;

- the national law of the Contracting Party in whose territory the investment was made, including the rules relative to conflicts of law.

4. The Contracting Party which is a party to the dispute shall not assert as a defense, counterclaim or for any other reason, that indemnification or other compensation for all or part of the alleged damages has been received or will be received by the investor pursuant to an indemnity, guarantee or insurance contract.

5. The arbitration decisions shall be final and binding on the parties to the dispute. Each Contracting Party undertakes to execute the decisions in accordance with its national law.

ARTICLE XII
ENTRY INTO FORCE, EXTENSION AND TERMINATION

1. This Agreement shall enter into force on the date on which the Contracting Parties shall have notified each other that the respective constitutional formalities required for the entry into force of international agreements have been completed. It shall remain in force for an initial period of ten years and, by tacit renewal, for consecutive periods of two years.

2. Either Contracting Party may terminate this Agreement by prior notification in writing, six months before the date of its expiration.

3. With respect to investments made or acquired prior to the date of termination of this Agreement and to which this Agreement otherwise applies, the provisions of all of the other Articles of this Agreement shall thereafter continue to be effective for a further period of ten years from such date of termination.

IN WITNESS WHEREOF, the respective plenipotentiaries have signed this Agreement.

DONE in two originals in Spanish and in English, each text being equally authentic, in Madrid on February 22, 1996.

FOR THE LEBANESE REPUBLIC
"a.r."

FARES BOUEZ
Minister of Foreign Affairs

FOR THE KINGDOM OF SPAIN
"a.r."

CARLOS WESTERDORP
Minister of Foreign Affairs