Agreement

between the Government of the
Kingdom of Great Britain and Northern Ireland
and the Government of the Kingdom of Lesotho
for the Promotion and Protection
of Investments

Maseru, 18 February 1981

[The Agreement entered into force on 18 February 1981]

Presented to Parliament
by the Secretary of State for Foreign and Commonwealth Affairs
by Command of Her Majesty
May 1981

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AGREEMENT

The Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the Kingdom of Lesotho;

Desiring to create favourable conditions for greater investments by nationals and companies of one State in the territory of the other State;

Recognising that the encouragement and reciprocal protection of international agreement of such investments will be conducive to the stimulation of individual business initiative and will increase prosperity in both States;

Have agreed as follows:

ARTICLE 1

Definitions

For the purposes of this Agreement

(a) "investment" means every kind of asset and in particular, though not exclusively, includes:
   (i) movable and immovable property and any other property rights such as mortgages, liens or pledges;
   (ii) shares, stock and debentures of companies or interests in the property of such companies;
   (iii) claims to money or to any performance under contract having a financial value;
   (iv) intellectual property rights and goodwill;
   (v) business concessions conferred by law or under contract, including concessions to search for, cultivate, extract or exploit natural resources.

(b) "returns" means the amounts yielded by an investment and in particular, though not exclusively, includes profit, interest, capital gains, dividends, royalties or fees.

(c) "nationals" means:
   (i) in respect of the United Kingdom: physical persons deriving their status as United Kingdom nationals from the law in force in any part of the United Kingdom or in any territory for the international relations of which the Government of the United Kingdom are responsible;
(ii) in respect of the Kingdom of Lesotho: physical or legal persons deriving their status as Lesotho nationals from the law in force in Lesotho.

"companies" means:

(i) in respect of the United Kingdom: corporations, firms or associations incorporated or constituted under the law in force in any part of the United Kingdom or in any territory to which this Agreement is extended in accordance with the provisions of Article 11;

(ii) in respect of the Kingdom of Lesotho: corporations, firms or associations incorporated or constituted under the law in force in Lesotho.

"territory" means:

(i) in respect of the United Kingdom: Great Britain and Northern Ireland and any territory to which this Agreement is extended in accordance with the provisions of Article 11;

(ii) in respect of the Kingdom of Lesotho: the area of the Kingdom of Lesotho.

ARTICLE 2

Promotion and Protection of Investment

Each Contracting Party shall encourage and create favourable conditions for nationals or companies of the other Contracting Party to enter its territory, and, subject to its right to exercise powers exercised by its laws existing when this Agreement enters into force, shall extend such capital.

Investments of nationals or companies 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. Each Contracting Party shall in any way impair by unreasonable or discriminatory measures the management, maintenance, use, enjoyment or disposal of investments in its territory of nationals or companies of the other Contracting Party. Each Contracting Party shall observe any obligation it may enter into with regard to investments of nationals or companies of the other Contracting Party.

ARTICLE 3

Most-favoured-nation Provis

Neither Contracting Party shall in its territory of nationals or companies of the other Contracting Party accord them treatment less favourable than that which it accords to nationals or companies or to investments of any third State.
(2) Neither Contracting Party shall in its territory subject nationals or companies of the other Contracting Party, as regards their management, use, enjoyment or disposal of their investments, to treatment less favourable than that which it accords to its own nationals or companies or to nationals or companies of any third State.

ARTICLE 4

Compensation for Losses

(1) Nationals or companies of one Contracting Party whose investments in the territory of the other Contracting Party suffer losses owing to war or other armed conflict, revolution, a state of national emergency, revolt, insurrection or riot in the territory of the latter Contracting Party shall be accorded by the latter Contracting Party treatment, as regards indemnification, compensation or other settlement, no less favourable than that which the latter Contracting Party accords to its own nationals or companies or to nationals or companies of any third State.

(2) Without prejudice to paragraph (1) of this Article, nationals and companies of one Contracting Party who in any of the situations referred to in that paragraph suffer losses in the territory of the other Contracting Party resulting from

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

shall be accorded restitution or adequate compensation. Resulting payments shall be freely transferable.

ARTICLE 5

Expropriation

(1) Investments of nationals or companies of either Contracting Party shall not be nationalised, expropriated or subjected to measures having the equivalent of nationalisation or expropriation (hereinafter referred to as "expropriation") in the territory of the other Contracting Party except for a public purpose related to the internal needs of that Party and subject to prompt, adequate and effective compensation. Such compensation shall amount to the market value of the investment expropriated immediately before the expropriation or impending expropriation became public knowledge, shall include interest at a normal commercial rate until the date of payment, shall be made without delay, be effectively realizable and be freely transferable. The national or company affected shall have under the law of the Contracting Party making the expropriation, to review, by a judicial or other independent authority of that Party, of its case and of the valuation of his or its investment in accordance with principles set out in this paragraph.
Where a Contracting Party expropriates the assets of a company incorporated or constituted under the law in force in any part of its territory, and in which nationals or companies of the other Contracting Party own shares, it shall ensure that the provisions of paragraph (1) of Article 5 are applied to the extent necessary to guarantee prompt, adequate and effective compensation in respect of their investment to such nationals and companies of the other Contracting Party who are owners of these shares.

ARTICLE 6

Repatriation of Investment

Each Contracting Party shall in respect of investments guarantee to nationals or companies of the other Contracting Party the free transfer of capital and of the returns from it, subject to the right of each Contracting Party in exceptional financial or economic circumstances to be equitably and in good faith powers conferred by its laws existing at the time this Agreement enters into force.

ARTICLE 7

Exceptions

The provisions in this Agreement relative to the grant of treatment not less favourable than that accorded to the nationals or companies of either Contracting Party of any third State shall not be construed so as to oblige a Contracting Party to extend to the nationals or companies of the other the benefit of any treatment, preference or privilege resulting from any existing or future customs union or similar international agreement to which either of the Contracting Parties is or may become a party, or any international agreement or arrangement relating wholly or mainly to taxation or any domestic legislation relating wholly or mainly to taxation.

ARTICLE 8

Access to International Centre for Settlement of Investment Disputes

Each Contracting Party hereby consents to submit to the International Centre for the Settlement of Investment Disputes (hereinafter referred to as Centre”) for settlement by conciliation or arbitration under the Convention on the Settlement of Investment Disputes between States and nationals of Other States opened for signature at Washington on 18th May 1965(1) any legal dispute arising between that Contracting Party and a national or company of the other Contracting Party concerning an investment of the latter in the territory of the former. A company which is

incorporated or constituted under the law in force in the territory of any Contracting Party and in which before such a dispute arises the majority of shares are owned by nationals or companies of the other Contracting Party, shall in accordance with Article 25(2)(b) of the Convention be treated as if they were a company of the other Contracting Party. If any such dispute should arise and agreement cannot be reached within three months between the parties to this dispute through pursuit of legal remedies or otherwise, then, if the national or company affected also consents in writing to submit the dispute to the Centre for settlement by conciliation or arbitration under the Convention, either party may institute proceedings to refer that dispute to the Centre by addressing a request to that effect to the Secretary-General of the Centre as provided in Articles 28 and 36 of the Convention. In the event of disagreement as to whether conciliation or arbitration is the appropriate procedure the national or company affected shall have the right to choose. The Contracting Party which is a party to the dispute shall at all times have the right to raise as an objection at any stage of the proceedings or enforcement of an award the fact that the national or company which is the other party to the dispute has received in pursuance of an insurance contract an indemnity in respect of some or all of his or its losses.

(2) Neither Contracting Party shall pursue through the diplomatic channel any dispute referred to the Centre unless

(a) the Secretary-General of the Centre, or a conciliation commission or an arbitral tribunal constituted by it, decides that the dispute is not within the jurisdiction of the Centre, or

(b) the other Contracting Party should fail to abide by or to comply with any award rendered by an arbitral tribunal.

ARTICLE 9

Disputes between the Contracting Parties

(1) Disputes between the Contracting Parties concerning the interpretation or application of this Agreement should, if possible, be settled through the diplomatic channel.

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

(3) Such an 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. Those two members shall then select a national of a third State who on approval by the two Contracting Parties shall be appointed Chairman of the tribunal. The Chairman shall be appointed within two months from the date of appointment of the other two members.
If within the periods specified in paragraph (3) of this Article the necessary appointments have not been made, either Contracting Party may, in absence of any other agreement, invite the President of the International Court of Justice to make any 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 shall be invited to 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 shall be invited to make the necessary appointments.

(5) The arbitral tribunal shall reach its decision by a majority of votes. The decision shall be binding on both Contracting Parties. Each Contracting Party shall bear the cost of its own member of the tribunal and its representation in the arbitral proceedings; the cost of the Chairman and remaining costs shall be borne in equal parts by the Contracting Parties. The tribunal may, however, in its decision direct that a higher proportion of costs shall be borne by one of the two Contracting Parties, and this decision shall be binding on both Contracting Parties. The tribunal shall determine its own procedure.

ARTICLE 10

Subrogation

If either Contracting Party makes payment under an indemnity it has been in respect of an investment or any part thereof in the territory of the other Contracting Party, the latter Contracting Party shall recognise

(a) the assignment, whether under law or pursuant to a legal transaction, of any right or claim from the party indemnified to the former Contracting Party (or its designated Agency), and

(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 such a party.

The former Contracting Party (or its designated Agency) shall accordingly if so desires be entitled to assert any such right or claim to the same extent as its predecessor in title either before a Court or tribunal in the territory of the latter Contracting Party or in any other circumstances. If the former Contracting Party acquires amounts in the lawful currency of the other Contracting Party or credits thereof by assignment under the terms of an indemnity, the former Contracting Party shall be accorded in respect thereof treatment not less favourable than that accorded to the funds of companies of nationals of the latter Contracting Party or of any third State deriving non-investment activities similar to those in which the party indemnified was engaged. Such amounts and credits shall be freely available to the former Contracting Party concerned for the purpose of meeting its expenditure in the territory of the other Contracting Party.
ARTICLE 11

Territorial Extension

At the time of signature of this Agreement, or at any time thereafter, provisions of this Agreement may be extended to such territories for international relations the Government of the United Kingdom are responsible for, as may be agreed between the Contracting Parties in an exchange of notes.

ARTICLE 12

Entry into Force

This Agreement shall enter into force on signature.

ARTICLE 13

Duration and Termination

This Agreement shall remain in force for a period of ten years. Thereafter it shall continue in force until the expiration of twelve months from the date on which either Contracting Party shall have given written notice of termination to the other. Provided that in respect of investments whilst the Agreement is in force, its provisions shall continue in effect with respect to such investments for a period of twenty years after the date of termination and without prejudice to the application thereafter of the rules of general international law.

In witness whereof the undersigned, duly authorised thereto by their respective Governments, have signed this Agreement.

Done in duplicate at Maseru this eighteenth day of February 1981.

For the Government of the United Kingdom of Great Britain and Northern Ireland.

For the Government of the Kingdom of Lesotho.

OWEN GRIFFITH

C. D. MOLAPO

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