

**AGREEMENT ON INVESTMENT AND FREE MOVEMENT OF ARAB CAPITAL AMONG  
ARAB COUNTRIES\***

The Agreement on Investment and Free Movement of Arab Capital Among Arab Countries was signed on 29 August 1970 by the States members of the Agreement of Arab Economic Unity. It entered into force on 29 August 1970. It was amended by resolution 648 of 3 December 1973. Signatories of the Agreement are Egypt, Iraq, Jordan, Kuwait, Sudan, Syrian Arab Republic and the Arab Republic of Yemen.

The Governments of member states in the Agreement of Arab Economic Unity:

The Hashemite Kingdom of Jordan  
The Democratic Republic of Sudan  
The Arab Republic of Syria  
The Republic of Iraq  
The State of Kuwait  
The Arab Republic of Egypt  
The Arab Republic of Yemen

In pursuance of their desire to implement the provisions of Article II of the Arab League Charter regarding the strengthening of economic ties and cooperation among them, and in conformity with the objectives of Economic Unity among the Arab League States as laid down in Article I stipulating the free movement of persons and capital, freedom of residence and employment and pursuance of economic activity, have agreed to the following:

***Article 1***

- a) Every Arab state exporting capital shall exert efforts to promote preferential investments in the other Arab states and provide whatever services and facilities required in this respect.
- b) States importing capital shall exert efforts to the full extent of their power and provide all facilities required for preferential investment of Arab Capital in accordance with their economic development programmes.

***Article 2***

Member states shall foster investment of Arab capital in the joint economic projects in

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\* Source: Council of Arab Economic Unity (1974). *Agreement of Arab Economic Unity*, mimeo. (Translated by the United Nations from the original Arabic version) [Note added by the editor].

pursuance of economic integration among Arab states.

***Article 3***

In pursuance of the principle of each state's sovereignty over its own resources, and desirous to create the appropriate atmosphere for promoting Arab investment, member states shall determine the procedures, terms, and limits which govern Arab investment; designate the sectors earmarked for same, and notify Arab states thereof.

***Article 4***

Member states undertake to treat Arab investments in all areas designated thereto, without discrimination and on equal footing with indigenous investments.

***Article 5***

States parties to the Agreement shall undertake to treat Arab investments on terms not less favourable than those applied to foreign investments that may be granted special privileges. Arab investments shall automatically enjoy same immediately such privileges are granted.

***Article 6***

Admitting the inalienable right of the state recipient of the capital to nationalize, confiscate and expropriate within the framework of public interest, the Arab investor shall be entitled in such cases to fair and effective compensation within a reasonable period of time.

***Article 7***

The states parties to this Agreement shall be entitled to repatriate the net proceeds of their invested capital together with the net returns thereto in addition to the compensation due in accordance with the provisions of this Agreement.

***Article 8***

The Arab investor shall be entitled to reside in the host country in order to carry out his investment activities.

**General Provisions**

***Article 9***

Each state party to this Agreement shall pass appropriate legislations and take whatever measures essential for the execution of the provisions of this Agreement.

**Article 10**

This Agreement shall be ratified by states signatory thereto in conformity with their respective constitutional regulations within the shortest time possible. The instruments of ratification shall be deposited with the General Secretariat of the Council of Arab Economic Unity which shall prepare a protocol of each deposit and give notice thereof to the other contracting parties.

**Article 11**

Arab states non-members in the Council of Arab Economic Unity may accede to this Agreement by virtue of a declaration of intent to be dispatched to the Secretary General of the Council who, in turn, shall notify other states parties to the Agreement.

**Article 12**

This Agreement shall be effective when ratified by at least three member states. It shall also enter into force in all member states once its instruments of ratification or accession are deposited with the General Secretariat of the Council of Arab Economic Unity.

This Agreement is drawn in Arabic at Damascus on Saturday, 29th of August 1970 in a single original to be deposited with the General Secretariat of the Council of Arab Economic Unity and a certified copy shall be transmitted to each state signatory to this Agreement or acceding thereto.

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**Amendments to Articles 3 and 6 of the Agreement  
On the Investment and Free Movement of Arab Capital  
(Resolution No. 648/S.22 - 3/12/73)**

The Council of Arab Economic Unity,

Promoting the objectives of the Agreement on the Investment and Movement of Arab Capital among Arab Countries and the Agreement of the Arab Organization for Investment Guarantee, and

Desirous to accentuate the effectiveness of these Agreements in respect of creating new areas for Arab investments to serve the Arab economic development, and

Realizing the perils which loom over the Arab Capital abroad and the possibility of the

efficient developing of these capitals if invested in the field of economic development inside the Arab countries, and

Reaffirming the mutual interests between the Arab countries which financial surpluses and those in need thereof, and

Recognizing the nature of the phase undergone by the Arab Nation and the necessity of accelerating the pace of economic development and consolidating the bases of Arab cooperation in its various forms,

And in accordance with the directives of the Arab Ministers of Economy and the recommendations of the Arab financial and economic experts adopted in their meetings held at the Arab League headquarters in July 1973,

Decides:

1- A new provision is added to Article 3 of the Agreement on the Investment and Movement of Capital Among Arab Countries to read as follows:

*Article 3*

In conformity with the principle of each country's sovereignty over its resources and desirous to create the appropriate atmosphere for fostering Arab investment, member states shall determine the procedures, terms, and limits which govern Arab investment, designate the sectors earmarked for same and notify Arab states thereof.

These procedures, terms, and sectors and any alterations introduced therein shall be deposited with General Secretariat of the Council of Arab Economic Unity.

2 - Article 6 of the Agreement on the Investment and Movement of Capital Among Arab Countries shall be amended to read as follows:

Member states shall pledge not to nationalize or confiscate Arab investments in the sectors earmarked thereof in conformity with the provisions of Article III of this Agreement. The notification mentioned in that Article is considered an application submitted by the country host to Arab investment.

- Calling upon all Arab countries which have ratified or signed this Agreement to insert the afore-mentioned amendment in the shortest time possible.
- Calling upon all Arab countries which have not yet ratified or signed this Agreement to follow suit at the earliest possible.
- The Secretary General shall undertake, in collaboration with the Arab League Secretary General, the necessary measures for submitting this resolution to the Arab

Economic Council with a view to adopting the appropriate decision in collaboration with the Ministers of Economy non-members in the Agreement of Arab Economic Unity.

- This resolution shall be implemented following a notice of approval to be made by the countries which deem it necessary to consult their governments.

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