



# **AGREEMENT**

**Between**

**the Government of Republic of Mozambique**

**and**

**the Government of the Republic of Uganda**

**on the Reciprocal Promotion and Protection of**

**Investments**

## **AGREEMENT**

### **Between the Government of Republic of Mozambique and the Government of the Republic of Uganda on the Reciprocal Promotion and Protection of Investments**

The Government of the Republic of Mozambique and the Government of the Republic of Uganda (hereinafter referred to as the “Contracting Parties”);

**DESIRING** to intensify economic co-operation to the mutual benefit of both countries and to maintain fair and equitable conditions for investments by investors of one Contracting Party in the territory of the other Contracting Party;

**RECOGNISING** that the promotion and reciprocal protection of such investments favour the expansion of the economic relations between the two Contracting Parties and stimulate investment initiatives as well as promote respect for internationally recognised worker rights;

**AGREEING** that these objectives can be achieved without relaxing health, safety and environmental measures of general application; and

**HAVING** resolved to conclude an Agreement concerning the encouragement and reciprocal protection of investment;

HAVE AGREED as follows:

#### **Article 1 Definitions**

For the purposes of this Agreement:

1 “company” means in respect of a Contracting Party, any company, firm, association, body or other juridical person incorporated, established or registered in its territory in accordance with its laws;

2. the term “competent authority” means, in both Contracting Parties, the Ministers responsible for Finance.

3. "investment" shall mean any kind of asset owned or controlled directly or indirectly by an investor of one Contracting Party in the territory of the other Contracting Party and shall include in particular, though not exclusively:

a) a company or enterprise, or shares, bonds, stocks or other kinds of interest in a company or enterprise;

b) tangible and intangible, movable and immovable property, as well as any other rights such as leases, mortgages, usufruct, liens or pledges; privileges, guarantees and any other similar rights;

c) title to money or any performance having an economic value;

d) intellectual property rights, technical processes, trade names, know-how, goodwill and other similar rights;

e) business concessions conferred by law, administrative decisions or under contract, including concessions to search for, develop, extract or exploit natural resources.

Goods, that are under a leasing agreement and are placed at the disposal of a lessee in the territory of one Contracting Party by a lessor being an investor of the other Contracting Party shall be treated not less favourably than an investment.

A change in the form in which assets are invested does not affect their character as investments.

4. "investor" of a Contracting Party shall mean:

a) any natural person who is a national of that Contracting Party in accordance with its law; and

b) any legal person or other organisation organised in accordance with the law applicable in that Contracting Party; and

c) any legal person not organised under the law of that Contracting Party but controlled by an investor as defined under (a) or (b).

5. "returns" shall mean the amounts yielded by an investment and in particular, though not exclusively, include profit, interest, capital gains, dividends, royalties or fees.

(6) “territory” means-

a) with respect to “Mozambique”, the Republic of Mozambique including the exclusive economic zone, the seabed and subsoil, in accordance with international law, sovereign rights or jurisdiction.

b) with respect to “Uganda” the Republic of Uganda;

## **Article 2**

### **Promotion and Protection of Investments**

1. Each Contracting Party shall, subject to its general policy in the field of foreign investment, promote in its territory investments by investors of the other Contracting Party and shall admit such investments in accordance with its legislation.

2. Subject to the laws and regulations relating to the entry and sojourn of aliens, individuals working for an investor of one Contracting Party, as well as members of their household, shall be permitted to enter into, remain on and leave the territory of the other Contracting Party for the purpose of carrying out activities associated with investments in the territory of the latter Contracting Party.

3. Each Contracting Party shall permit investments covered by this Agreement to engage top managerial personnel of their choice.

4. Each Contracting Party shall at all times ensure fair and equitable treatment of the investments by investors of the other Contracting Party and shall not impair the management, maintenance, use, enjoyment or disposal thereof nor the acquisition of goods and services or the sale of their production, through unreasonable or discriminatory measures.

5. Each Contracting Party shall provide effective means of asserting claims and enforcing rights with respect to investments covered by this Agreement.

6. Each Contracting Party shall ensure that its laws, regulations, administrative practices and procedures of general application, and adjudicatory decisions, that pertain to or affect investment covered by this Agreement are promptly published or otherwise made publicly available.

7. The investments covered by this Agreement shall enjoy full protection and security and in no case shall a Contracting Party award treatment less favourable than that accorded to its own nationals and that required by

international law. Each Contracting Party shall observe any obligation it has entered into with an investor of the other Contracting Party with regard to its investment.

### **Article 3**

#### **National and Most Favoured Nation Treatment of Investments**

1. Each Contracting Party shall apply to investments made in its territory by investors of the other Contracting Party a treatment which is no less favourable than that accorded to investments made by its own investors or by investors of third States, whichever is the more favourable. Each Contracting Party shall ensure that its state enterprises, in the provision of their goods or services, accord national and most favoured nation treatment to investments covered by this Agreement.

2. Each Contracting Party shall in its territory accord investors of the other Contracting Party, as regards their management, maintenance, use, enjoyment or disposal of their investment, fair and equitable treatment which in no case shall be less favourable than that accorded to its own investors or to investors of any third State, whichever of these standards is the more favourable from the point of view of the investor

### **Article 4**

#### **Exceptions**

1. The provisions of this Agreement relating to the grant of treatment not less favourable than that accorded to the nationals and business enterprises of any third state shall not be construed so as to oblige one Contracting Party to extend to the nationals and business enterprises of the other Contracting Party the benefit of any treatment, preference or privilege resulting from :

a) membership of any existing or future regional economic integration organisation or Customs Union of which one of the Contracting Parties is or may become a member, or

b) any arrangement with a third state or states in the same geographical region designed to promote regional co-operation in the economic, social, labour, industrial or monetary fields within the framework of specific projects.

2. The provisions of this Agreement shall not apply to matters of taxation in the territory of either Contracting Party. The Double Taxation Treaty Convention

between the two Contracting Parties and the domestic laws of each Contracting Party shall govern such matters.

## **Article 5 Expropriation**

1. Neither Contracting Party shall take any measures depriving, directly or indirectly, an investor of the other Contracting Party of an investment unless the following conditions are complied with:

- a) the measures are taken in the public interest and under due process of law;
- b) the measures are distinct and not discriminatory; and
- c) the measures are accompanied by provisions for the payment of prompt, adequate and effective compensation, which shall be transferable without delay in a freely convertible currency.

2) Such compensation shall amount to the fair market value of the investment expropriated at the time immediately before the expropriation or impending expropriation became known in such a way as to affect the value of the investment (hereinafter referred to as the "Valuation Date").

Such fair market value shall at the request of the investor be expressed in a freely convertible currency on the basis of the market rate of exchange existing for that currency on the Valuation Date. Compensation shall also include interest at a commercial rate established on a market basis from the date of expropriation until the date of payment.

3. The provisions of Paragraph (1) and (2) of this Article shall also apply to the returns from an investment and, in the event of liquidation, to the proceeds from the liquidation.

4. Where a Contracting Party expropriates the assets of a company or an enterprise in its territory in which investors of the other Contracting Party have an investment, including through the ownership of shares, it shall ensure that the provisions of this Article are applied to the extent necessary to guarantee prompt, adequate and effective compensation in respect of their investment to such investors of the other Contracting Party.

## **Article 6 Compensation**

1. Investors of either Contracting Party who suffer losses of their investments in the territory of the other Contracting Party due to war or other armed conflict, a state of national emergency, revolt, insurrection or riot shall be accorded, with respect to restitution, indemnification, compensation or other settlement, a treatment which is no less favourable than that accorded to its own investors or to investors of any third State, whichever is the more favourable from the point of view of the investor. Resulting payments shall be transferable without delay in a freely convertible currency.

2. Without prejudice to paragraph (1) of this Article, investors of a 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 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 were not required by the necessity of the situation, shall be accorded restitution or compensation which in either case shall be prompt, adequate and effective.

## **Article 7 Transfers**

1. Each Contracting Party shall allow without delay the transfer in a freely convertible currency of payments in connection with an investment, and in particular though not exclusively:

- a) the initial capital and any additional capital for the maintenance and development of an investment;
- b) the invested capital or proceeds from the sale or liquidation of all or any part of an investment;
- c) profits, capital gains, dividends, royalties, interests and other returns realised;
- d) payments made for the reimbursement of the credits for investment, and interest due;

e) payments derived from rights enumerated in Article 1, (3.d) of this agreement;

f) the earnings of individuals, not being its nationals, who are allowed to work in connection with an investment in its territory and other amounts appropriated for the coverage of expenses connected with the management of the investment; and

g) compensation, restitution, indemnification or other settlement pursuant to Articles 5 and 6 of this Agreement

2. Any transfer referred to in this Agreement shall be effected at the market rate of exchange existing on the day of transfer with respect to spot transactions in the currency to be transferred. In the absence of a market for foreign exchange, the rate to be used will be the most recent rate applied to inward investments or the most recent exchange rate for conversion of currencies into Special Drawing Rights, whichever is the most favourable to the investor.

## **Article 8 Subrogation**

1. In the event that either Contracting Party (or any agency, institution, statutory body or corporation designated by it) as a result of any indemnity it has given in respect of an investment or any part thereof makes payment to its own nationals and business enterprises in respect of any of their claims under this Agreement, the Contracting Party (or any agency, institution, statutory body or corporation designated by it) is entitled by virtue of subrogation to exercise the rights and assert the claims of its own nationals and business enterprises. The subrogated right or claim shall not be greater than the original right or claim of the said investor.

2. Any payment made by one Contracting Party (or any agency, institution, statutory body or corporation designated by it) to its nationals and business enterprises shall not affect the right of such national and business enterprises to make their claims against the other Contracting Party in accordance with Article 9 provided that the exercise of such a right does not overlap, or is not in conflict, with the exercise of a right by virtue of subrogation under paragraph (1).

## **Article 9 Settlement of Disputes between an Investor and a Contracting Party**



1. Any dispute concerning an investment between an investor of one Contracting Party and the other Contracting Party shall, if possible, be settled amicably.

2. If any such dispute cannot be settled within six months following the date on which the dispute has been raised by the investor through written notification to the Contracting Party, each Contracting Party hereby consents to the submission of the dispute, at the investor's choice, for resolution by international arbitration to one of the following fora:

(i) the International Centre for Settlement of Investment Disputes (ICSID) for settlement by arbitration under the Washington Convention of 18 March 1965 on the Settlement of Investment Disputes between States and Nationals of Other States provided both Contracting Parties have adhered to the said Convention; or

(ii) the Additional Facility of the Centre, if the Centre is not available under the Convention; or

(iii) an ad hoc tribunal set up under Arbitration Rules of the United Nations Commission on International Trade Law (UNCITRAL). The appointing authority under the said rules shall be the Secretary General of ICSID.

If the parties to such a dispute have different opinions as to whether conciliation or arbitration is the more appropriate method of settlement, the investor shall have the right to choose.

3. For the purpose of this Article and Article 25(2)(b) of the said Washington Convention, any legal person which is constituted in accordance with the legislation of one Contracting Party and which, before a dispute arises, was controlled by an investor of the other Contracting Party, shall be treated as a national of the other Contracting Party.

4. Any arbitration under the Additional Facility Rules or under the UNCITRAL Arbitration Rules shall, at the request of either party to the dispute, be held in a state that is a party to the United Nations Convention on the Recognition and Enforcement of Foreign Arbitral Awards, done at New York, June 10, 1958 (the New York Convention).

5. The consent given by each Contracting Party in paragraph (2) and the submission of the dispute by an investor under the said paragraph shall

constitute the written consent and written agreement of the parties to the dispute to its submission for settlement for the purposes of Chapter II of the Washington Convention (Jurisdiction of the Centre) and for the purpose of the Additional Facility Rules, Article 1 of the UNCITRAL Arbitration Rules and Article II of the New York Convention.

6. In any proceeding involving an investment dispute, a Contracting Party shall not assert, as a defence, counterclaim, right of set-off or for any other reason, that indemnification or other compensation for all or part of the alleged damages has been received pursuant to an insurance or guarantee contract, but the Contracting Party may require evidence that the compensating party agrees to that the investor exercises the right to claim compensation.

7. Any arbitral award rendered pursuant to this Article shall be final and binding on the parties to the dispute. Each Contracting Party shall carry out without delay the provisions of any such award and provide in its territory for the enforcement of such award.

### **Article 10**

#### **Settlement of Disputes between the Contracting Parties**

1. Any dispute between the Contracting Parties concerning the interpretation or application of this Agreement shall, if possible, be settled by negotiations between the Governments of the two Contracting Parties.

2. If the dispute cannot thus be settled within six months, following the date on which such negotiations were requested by either Contracting Party, it shall at the request of either Contracting Party be submitted to an arbitration tribunal.

3. The arbitration tribunal shall be set up from case to case, each Contracting Party appointing one member. These two members shall then agree upon a national of a third State as their chairman, to be appointed by the Governments of the two Contracting Parties. The members shall be appointed within two months, and the chairman within four months, from the date either Contracting Party, has advised the other Contracting Party of its wish to submit the dispute to an arbitration tribunal.

4. If the time limits referred to in Paragraph (3) of this Article have not been complied with, either Contracting Party may, in the absence of any other relevant arrangement, invite the President of the International Court of Justice to make the necessary appointments.

5. If the President of the International Court of Justice is prevented from discharging the function provided for in Paragraph (4) of this Article or is a national of either Contracting Party, the Vice-President shall be invited to make the necessary appointments. If the Vice-President is prevented from discharging the said function or is a national of either Contracting Party, the most senior member of the Court who is not incapacitated or a national of either Contracting Party shall be invited to make the necessary appointments.

6. The arbitration tribunal shall reach its decision by a majority of votes, the decision being final and binding on the Contracting Parties. Each Contracting Party shall bear the cost of the member appointed by that Contracting Party as well as the costs for its representation in the arbitration proceedings; the cost of the chairman as well as any other costs shall be borne in equal parts by the two Contracting Parties. The arbitration tribunal may, however, in its decision direct that a higher proportion of costs shall be borne by one of the Contracting Parties. In all other respects, the tribunal itself shall determine the procedure of the arbitration tribunal.

## **Article 11**

### **Application of the Agreement**

1. This Agreement shall apply to all investments, whether made before or after its entry into force, but shall not apply to any dispute concerning an investment, which arose, or any claim concerning an investment, which was settled, before its entry into force. This Agreement shall only apply: -

a) in respect of investments in the territory of the Republic of Uganda, to all investments made by nationals and business enterprises of the Republic of Mozambique which are specifically approved in writing by the competent authority designated by the Government of the Republic of Uganda upon such conditions, if any, as it shall deem fit;

b) in respect of the investments in the territory of Mozambique, to all investments made by nationals and business enterprises of the Republic of Uganda which are specifically approved in writing by the competent authority designated by the Government of the Republic of Mozambique and upon such conditions, if any, as it shall deem fit.

2. This Agreement shall in no way restrict the rights and benefits, which an investor of one Contracting Party enjoys under national or international law in the territory of the other Contracting Party.

3. The obligations of a Contracting Party under this Agreement shall apply to a state enterprise in the exercise of any regulatory, administrative or other governmental authority delegated to it by that party.

## **Article 12**

### **Laws**

For the avoidance of any doubt, it is declared that all investments shall, subject to this Agreement, be governed by the laws in force in the territory of the Contracting Party in which such investments are made.

## **Article 13**

### **Application of other provisions**

Where a matter is governed both by this agreement and by another International Agreement to which both Contracting Parties are signatories, the most favourable provisions shall be applied to the Contracting Parties and to their investors.

## **Article 14**

### **Amendments**

The terms of this agreement may be amended by mutual agreement of both contracting parties and such amendments shall be effected by exchange of notes between them through diplomatic channels.

## **Article 15**

### **Entry into Force, Duration and Termination**

1. The Contracting Parties shall notify each other when the constitutional requirements for entry into force of this Agreement have been fulfilled. The Agreement shall enter into force on the first day of the second month following the date of receipt of the last notification.

2 This Agreement shall remain in force for a period of ten years. Thereafter it shall remain in force until the expiration of twelve months from the date that either Contracting Party in writing notifies the other Contracting Party of its decision to terminate this Agreement.

3. In respect of investments made prior to the date when the notice of termination of this Agreement becomes effective, the provisions of Articles 1 to 14 shall remain in force for a further period of ten years from that date.

In witness whereof the undersigned, duly authorised to this effect, have signed this Agreement.

Done at.....on.....in duplicate in the Portuguese and the English languages, the two texts being equally authentic. In case of divergence of interpretation the English text shall prevail.

**For the Government of the  
Republic of Mozambique**

**For the Government of Republic  
of Uganda**