

***The amended Arab League Investment Agreement:
Key Improvements and Ratification Process***

Regional Conference

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Comparative table between the provisions of the 1980 Arab League Investment Agreement and of the 2013 Amendment

Protection	1980 LAS INVESTMENT AGREEMENT	2013 AMENDMENT
Fair and Equitable Treatment	<i>No provisions</i>	<i>Novel: Protection of Arab capital at all times (art. 2)</i>
Free Transfer	Capital and revenues may be made following a period determined by the maturity of the investment, after fulfillment of outstanding obligations.	Transfers of capital and revenues may be made freely and <i>immediately</i> , after fulfillment of <i>legal</i> obligations arising from the investment project (<i>art. 2 and 6</i>)
	<i>No convertibility rule</i>	Currency that can be <i>reconverted</i> and recognized by the IMF (<i>art. 6</i>)
	The State could restrict the free transfer in order to prevent the outflow abroad of assets' citizens	<i>Deletion of this restriction</i>
Compensation in case of Expropriation	<i>No provision</i> on the calculation method for the compensation	Equal to the <i>market value</i> of the investment Immediately liable and payable within one year Interests apply in case of delay (<i>art. 8.2</i>)
	<i>Right to challenge</i> the legitimacy of the expropriation or the compensation before domestic courts	<i>Right to appeal</i> , by legal means, against the expropriation or the compensation (<i>art. 8.2</i>)

Minimum standard of Protection	<p>The standards of protection set by the Agreement constitute a <i>minimum standard</i> to be applied in the treatment of any investment (art. 3)</p> <p>To grant additional privileges, the State had to consider, <i>inter alia</i>, the importance of the investment and the Arab participation and the sector</p>	<p><i>Unchanged</i></p> <p>The host State may grant any other privileges to the Arab investor, <i>without having to take into account any directives</i> set by the Agreement (art. 14)</p>
Treatment	1980 LAS INVESTMENT AGREEMENT	2013 AMENDMENT
National Treatment (NT) and Most-Favoured-Nation Treatment (MFN Treatment)	Arab capital shall be treated <i>in the same manner</i> as capital owned by the citizen of the host State, and without discrimination	Arab capital shall be treated in a manner <i>no less favourable</i> than that owned by the <i>citizen of the host State</i> , and without discrimination (art. 5.2)
	<i>No provisions on MFNT</i>	Arab capital shall be treated in a manner <i>no less favourable</i> than that owned by the <i>citizen of a third State</i> , and without discrimination (art. 5.2)
	The investor is entitled to opt for a treatment laid down in general provisions under the law, an international agreement	In addition, the investor is entitled to opt for a treatment laid down in <i>other investment agreements</i> (art. 5.3)
	<p>General Exception to the NT:</p> <ul style="list-style-type: none"> - Any privilege granted by the State in relation with a specific investment project of particular importance 	<p>Additional exceptions to both NT and MFNT:</p> <ul style="list-style-type: none"> - Privileges granted in the framework of a membership of a free trade area, custom union, or common market - Tax or <i>zakat</i> treatment; - Ownership of land or immovable property <p>(art. 5.4)</p>
Prohibition of performance requirements	<i>No provisions</i>	States should not impose performance requirements or barriers to entry that could be harmful to investment or have a negative effect on it or on its ownership (art. 2)

Facilitation	1980 LAS INVESTMENT AGREEMENT	2013 AMENDMENT
Entry, residence and departure of the investor, its family and employees	Restrictions on these rights may be imposed only <i>by judicial order</i>	In addition, these facilitations apply provided that they are <i>not incompatible</i> with the laws and regulations of the host State (<i>art. 11</i>)
Right to employ professionally skilled labour	Priority rule for nationals from the host State followed by Arab nationals	Priority rule maintained for nationals <i>from the host State only</i> (<i>art. 12</i>)
	<i>No provisions</i> on State policy regarding labour restrictions and investment development	Obligation for the State to ensure its laws do not hinder investment development (<i>art. 12</i>)
The Economic and Social Council and the Technical Committees	<ul style="list-style-type: none"> - Supervising implementation - Information (on regulations and economic aspects of investment sectors) - Promotion - Interpretation by the Council 	<ul style="list-style-type: none"> - Implementation: Cooperate with State parties <i>to adapt their rules and procedures</i> to the provisions of the amended ALIA in order to ensure its implementation (<i>art. 15.2</i>) - Interpretation by a Technical Committee created from amongst the Council's members and representatives (<i>art. 17.2</i>)
Guarantees	1980 LAS INVESTMENT AGREEMENT	2013 AMENDMENT
Investment insurance	The Inter Arab Investment Guarantee Corporation shall provide insurance for the funds invested according to the terms and conditions of the Agreement establishing the Inter Arab Investment Guarantee Corporation	The Arab investor shall insure his investment at the Arab Investment and Export Credit Guarantee Corporation <i>or any insurance body that is deemed suitable</i> (<i>art. 18</i>)
Dispute Settlement	1980 LAS INVESTMENT AGREEMENT	2013 AMENDMENT
Default Jurisdiction	Jurisdiction granted to the Arab Investment Court only, unless otherwise agreed	<p>Jurisdiction granted to the Arab Investment Court <i>and to States courts</i> unless otherwise agreed</p> <p>Once a dispute is submitted to a fora, it may not be submitted to another ("fork in the road" rule)</p>

		<i>(art. 3 Annex)</i>
Alternative dispute mechanisms	Conciliation, arbitration <i>No reference</i> to arbitration and conciliation rules	Inclusion of <i>mediation</i> Inclusion of <i>model clause</i> on alternative dispute settlement mechanism <i>Reference to the UNCITRAL Rules, unless otherwise agreed</i> <i>(Annex; art. 1. 4 (mediation); art. 4 (conciliation and arbitration))</i>
Enforcement of arbitral awards	<i>No provisions</i>	Enforcement of arbitral awards in accordance with <i>article 37 of the Riyadh Agreement on Judicial Cooperation</i> <i>(art. 3.11 of the Annex)</i>