



Egypt–KSA Reciprocal Investment Treaty

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Overview

The Arab Republic of Egypt and the Kingdom of Saudi Arabia (collectively referred to as the “**Contracting Parties**”) have formally entered into a Bilateral Investment Treaty (“**BIT**” and/or “**Treaty**”) titled the “*Agreement on the Encouragement and Reciprocal Protection of Investments*”, aimed at fostering a secure, transparent, and favorable legal environment for investors from both states in relation to their investments in the territory of the other state.

This Agreement, which was ratified by the Egyptian Parliament in March 2025, is yet to come into force thirty (30) days after the last diplomatic notification confirming ratification procedures. It is set to remain effective for an initial term of ten (10) years, renewable thereafter, with continued protection post-termination for existing investments for five (5) years after the termination of the BIT.

Key Legal Provisions

1. Legal Definitions & Scope

The Agreement offers a comprehensive definition of "investment", encompassing tangible and intangible assets such as shares, intellectual property, concession rights, and contractual claims having an economic value, excluding mere commercial transactions or portfolio investments. It applies solely to investments lawfully admitted under the host state's legislation and excludes sensitive sectors such as subsidies, government procurement, taxation, and sovereign debt restructuring.

2. Investor Protections

Each Contracting Party is obligated to: (a) Encourage and facilitate inbound investments (b) Grant “*National Treatment*” and “*Most Favored Nation*” Treatment to foreign investors once admitted, subject to exceptions related to taxation, public services, and strategic sectors (c) Ensure full protection and security, “*Fair and Equitable Treatment*”, and judicial integrity.

3. Expropriation Safeguards

Investments shall not be expropriated or nationalized except: (a) for a public purpose (b) under due process of law (c) on a non-discriminatory basis (d) against prompt, adequate, and effective compensation based on fair market value.

4. Compensation for Losses

In events of armed conflict, civil disturbances, or similar emergencies, investors shall be accorded treatment no less favorable than that granted to nationals or foreign investors who carry the nationality of a non-contracting state.

5. Transfer of Funds

The Treaty ensures the free transfer of investment-related funds, including capital, profits, royalties, and liquidation proceeds, in freely convertible currency and at the prevailing exchange rate, subject to narrowly tailored exceptions such as insolvency proceedings and AML/CTF regulations.



Investors Obligations

The Treaty imposes a parallel responsibility on investors to (a) comply with the host state's laws, and (b) observe international standards concerning corporate social responsibility, labor rights, environmental protection, and anti-corruption laws and regulations.

Dispute Resolution Mechanisms

1. State-to-State Disputes

Unresolved disputes concerning the interpretation or application of the Treaty shall, upon exhausting the pre-condition of attempting amicable settlement within a period of 6 months from the inception of amicable discussions, be submitted to *ad hoc* arbitration, following a structured appointment of a three-member tribunal.

2. Investor-State Disputes (ISDS)

Investors may pursue international arbitration under ICSID, UNCITRAL, or any mutually agreed mechanism, subject to prior exhaustion of an 18-month amicable settlement period. Conditions for admissibility include a bar on treaty shopping and double claims. Further, the Treaty is explicitly clear that, in relation to concession agreements, licenses, authorizations, permits, any other similar legal or contractual instrument that is issued or entered into between the foreign investor, the host state of the investment, or any of the bodies, authorities, or companies that are affiliated with the host state, disputes shall be settled and resolved pursuant to the dispute resolution mechanisms that are provided for in such instruments. In this respect, the Contracting States have opted to use explicit wording that provides that international investment arbitration that is provided for in the Treaty shall not be an available, pursuant to the Treaty, as a dispute resolution mechanism to disputes arising from such instruments.

Supervisory Body

A Joint Working Group on Investment shall be established to supervise implementation, propose amendments, and facilitate bilateral consultations. The Contracting Parties retain regulatory autonomy to adopt legitimate public policy measures under clearly articulated general and security exceptions.

Conclusion

This landmark Treaty fortifies the legal protection of investments between Egypt and Saudi Arabia while aligning with global standards on sustainable development, governance, and investor accountability. It marks a strategic advancement in the bilateral economic relationship, reinforcing investor confidence and regional integration.