Agreement between the Government of the French Republic and Bosnia and Herzegovina on the reciprocal encouragement and protection of investments

The Government of the French Republic and Bosnia and Herzegovina, hereinafter referred to as the contracting parties, "

Desiring to enhance economic cooperation between the two contracting parties and to create favourable conditions for investments in Bosnia and Herzegovina English investments in France;

Convinced that the encouragement and reciprocal protection of such investments will be conducive to the stimulation of capital and technology transfer between the two contracting parties, in the interests of their economic development,

Have agreed as follows:

Article 1. Definitions

For the purposes of this Agreement:

1. the Term Investment "" means all assets, such as property rights and interests of any kind, and particularly but not limited to:

a) Movable and immovable property as well as any other rights in rem such as mortgages, liens, usufruits, deposits and similar rights;

b) Actions and awards of emissions and other forms of participation, even indirect minority, or to companies established in the territory of one of the contracting parties;

c) Monetary claims, obligations and rights to any legitimate performance having economic value;

d) Intellectual property rights, commercial and industrial such as copyrights, patents, licences, trademarks, industrial designs or models, technical know-how, processes and names;

e) Concessions granted by law or under contract, including concessions to search for, culture, extract or exploit natural resources including those of the maritime area situated in contracting parties.

This Agreement shall apply to investments made before or after its entry into force by investors of one Contracting Party in the territory of the other. however, this Agreement shall not apply to disputes or events which occurred prior to its entry into force.

Any alteration of the form in which assets are invested or reinvested shall not affect their classification as investment provided that such alteration is not contrary to the legislation of the Contracting Party in the territory or maritime area in which the investment is made.

2. The term investor means:

a) As regards the French Republic:

(i) Natural persons with nationality;

(ii) Legal persons constituted in the territory of the French Republic in accordance with its law and having its registered office or controlled directly or indirectly by nationals of the French Republic or by legal persons having their headquarters in the territory of the French Republic and formed in accordance with its law.

b) With regard to Bosnia and Herzegovina:

(i) Natural persons whose status of a national of Bosnia and Herzegovina under the legislation in force in Bosnia and Herzegovina if they have permanent residence or principal place of business in Bosnia and Herzegovina;

(ii) Legal persons constituted in accordance with the legislation in force in Bosnia and Herzegovina which have their registered office, central administration or principal place of business in the territory of Bosnia and Herzegovina.

3. The term means all amounts yielded returns by an investment interests, such as profits, dividends, royalties, capital gains, royalties and other licensing fees during a period of time.

Investment income and in the case of reinvestment of returns reinvested shall enjoy the same protection and the same treatment as investment.

4. The term "" territory means:

a) As regards the French Republic: the territory of the French Republic as well as its maritime area, hereinafter referred to as defined as the economic zone and the continental shelf extending beyond the limits of the territorial waters of the French Republic and on which it has, in accordance with international law, sovereign rights and jurisdiction for the purpose of exploitation and exploration for and preservation of natural resources.

b) With regard to Bosnia and Herzegovina: the entire territory of Bosnia and Herzegovina, its territorial sea and its seabed, subsoil and airspace above, including any maritime area situated beyond the territorial sea of Bosnia and Herzegovina and Serbia, under the legislation of Bosnia and Herzegovina and in accordance with international law as an area within which Bosnia and Herzegovina may exercise sovereign rights with regard to the seabed and subsoil and their natural resources.

Article 2. Scope of the Agreement

1. This Agreement shall apply to the territory of each Contracting Party as defined in article 1, paragraph 4.

2. Nothing in this Agreement shall be construed so as to prevent a Contracting Party from taking any measure for investments made by foreign companies and the conditions governing the activities undertaken within the framework of measures to preserve and promote cultural and linguistic diversity.

3. For the purposes of this Agreement, it is understood that the Contracting Parties shall be responsible for the actions or omissions of public authorities, including but not limited to, the Regions and local government entities, which they take control, representation or the responsibility of international affairs or over which it exercises its sovereign rights in accordance with their national legislation.

Article 3. Admitted Encouragement and Investments

Each Contracting Party recognizes and encourages, within the framework of its laws and the provisions of this Agreement, the investments of investors of the other party in its territory and in the maritime area.

Article 4. Protection of Investments

1. Each Contracting Party shall, in its territory and in the maritime area, fair and equitable treatment in accordance with the principles of international law, to investments of investors of the other party and shall ensure that the exercise of the right thus recognized is hampered in either law or in fact. in particular, though not exclusively, shall be regarded as barriers of fact or law in fair and equitable treatment, any restriction to purchase and transport of raw materials and auxiliary materials, energy and fuel and means of production or operation of any kind, interference with the sale and transport of goods within the country and abroad, as well as any other measures having a similar effect.

2. The Contracting Parties shall consider sympathetically, within the framework of their national legislation, applications for entry and residence permits, labour and movement of nationals of one Contracting Party in respect of an investment in the territory or maritime zones of the other contracting party.

3. No Contracting Party shall in any way hinder the expansion by discriminatory measures, management, maintenance, use, enjoyment or disposal of investments in its territory by investors of the other contracting party.

Article 5. National Treatment and Most-favoured Nation

Each Contracting Party shall, in its territory and in the maritime area, to investors of the other contracting party as regards their investments and activities associated with such investments, treatment no less favourable than that accorded to its

investors or the treatment accorded to investors of the most favoured nation, whichever is more favourable. in this connection, nationals who are authorised to work in the Territory and in the maritime area of either Contracting Party shall enjoy adequate physical facilities for the performance of their professional activities.

This treatment does not extend to the privileges or preferences which either Contracting Party accords to investors of a third State by virtue of its association or participation in a free trade zone, any existing or future customs union, a Common Market or any other form of regional economic organization or similar international agreement to which the Contracting Party is or may become a party.

The provisions of this article shall not apply to tax matters.

Article 6. Expropriation and Compensation

1. Investments made by investors of one Contracting Party shall enjoy, in the Territory and in the maritime zones of the other contracting party; protection and security.

2. The Contracting Parties shall not take any measures of expropriation, nationalization or requisition of or any other measures which would be expropriate or dispossession (hereinafter: "expropriation or dispossession") investors of the other party; investments in its territory and in the maritime area, except for a public purpose related to the internal requirements and in accordance with due process of law, and provided that they are neither discriminatory nor contrary to a specific engagement.

Any measure of expropriation or dispossession "that could be taken shall be subject to the payment of prompt, adequate and effective compensation in the amount shall be equivalent to the real value of the investment at the time immediately before the expropriation or dispossession" or before the impending expropriation "dispossession or will not be available to the public in such a way as to affect the value of the investment. compensation shall be assessed by reference to the normal economic situation prevailing before the threat of expropriation or "" dispossession.

Such compensation, its amount and has no later than the date of expropriation or "dispossession. the compensation shall be paid without delay, and effectively realisable freely transferable. it proceeds from the date of expropriation or dispossession "and until the date of payment, shall include interest at the current market rate of interest for transactions.

3. Investors of one Contracting Party whose investments have suffered losses, including losses due to a war or any other armed conflict, revolution, state of emergency or national revolt occurring in the territory or maritime zones of the other contracting party benefit, on the part of this latter, from a treatment no less favourable than that accorded to its own investors or to those of the most favoured nation.

4. Investors of either Contracting Party shall have the right under the law of the contracting party making the expropriation or dispossession, "to a prompt review by a judicial or other independent authority of that Party, of the legality of the expropriation or dispossession," of its case and of the valuation of its investment in accordance with the principles set out in paragraph 2 of this article, without prejudice to the possibility to submit any dispute under the provisions of article 8 of this Agreement.

Article 7. Transfers

Each Contracting Party in the territory or maritime area in which the investments were made by investors of the other Contracting Party shall grant those investors the free transfer of:

a) The initial capital and additional amounts necessary for the maintenance and development of the investment;

b) Profits, dividends, interests and other current income;

c) Royalties arising out of intangible rights referred to in Article 1 paragraph 1 (d) and (e);

d) Payments made for the reimbursement of loans contracted regularly;

e) The proceeds of the sale of or the partial or total liquidation of the investment, including the value of the investment capital;

f) Compensation "expropriation or dispossession" or loss as provided for in article 6 (2) and (3) of this Agreement;

g) Payments arising out of the settlement of disputes.

The nationals of either Contracting Party who have been authorised to work in the territory or maritime zones of the other

Contracting Party in respect of an approved investment shall also be authorised to transfer their country of origin in a proportion appropriate remuneration.

The transfers referred to in the preceding paragraphs shall be effected without delay in the official rate of exchange applicable on the date of transfer.

The Contracting Parties undertake to accord to transfers treatment no less favourable than that accorded to transfers originating from investments made by investors of any third State.

If, in exceptional circumstances, the movement of capital to or from third countries to cause or threaten to cause serious balance of its balance of payments, each Contracting Party may temporarily safeguard measures apply to transfers, provided that such measures are strictly necessary, imposed on an equitable, non-discriminatory basis and in good faith and that they shall in no case exceed six months.

Article 8. Settlement of Disputes between an Investor and a Contracting Party

1. Any investment dispute between a Contracting Party and an investor of the other Contracting Party shall be settled amicably between the two parties concerned.

2. If such a dispute cannot be settled within six months from the time at which it was raised by either party to the dispute, it shall be submitted:

a) At the request of the investor:

i) A competent Court or Administrative Tribunal of the Contracting Party in whose territory the investment has been made; or

ii) To arbitration by the International Centre for Settlement of Investment Disputes (ICSID), established by the Convention on the Settlement of Investment Disputes between States and Nationals of Other States done at Washington on 18 March 1965.

b) At the request of either party to: arbitration by the International Centre for Settlement of Investment Disputes (ICSID), established by the Convention on the Settlement of Investment Disputes between States and Nationals of Other States done at Washington on 18 March 1965.

3. In the case of the ICSID Arbitration of where the dispute may jeopardize the responsibility of public authorities of the Contracting Party for actions or omissions, as provided for under article 2 of this Agreement, the abovementioned public body shall give consent without conditions relating to resort to arbitration by the International Centre for Settlement of Investment Disputes, in accordance with article 25 of the Convention on the Settlement of Investment Disputes between States and Nationals of Other States done at Washington on 18 March 1965.

Article 9. Guarantees and Subrogation

1. If one contracting party or its designated agency makes a payment to one of its legal to investors under a guarantee or a contract of insurance of non-commercial risks concluded in connection with an investment, the other Contracting Party shall recognize the validity of the subrogation in favour of the first Contracting Party or its designated agency of any right or title held by the investor, notwithstanding its rights under article 11 of this Agreement.

2. Investments of investors of one Contracting Party in the territory or maritime zones of the other party may request the Security referred to in the preceding paragraph only if they have previously obtained accreditation of that other party.

3. If one of the Contracting Parties, by virtue of a guarantee given in respect of an investment in the territory or maritime zones of the other party makes payment to one of its investors it is thereby entered into the rights and claims of the investor.

4. Such payments shall not affect the rights of the holder of the security to the resort to ICSID or to continue its actions brought before the Tribunal until the end of the procedure.

Article 10. Specific Commitments

Investments in respect of a particular undertaking of either Contracting Party to the investors of the other Contracting Party shall be governed, without prejudice to the provisions of this Agreement, the terms of that commitment to the extent that it is more favourable provisions than those laid down in this Agreement. the provisions of article 8 of this Agreement shall also

apply in the case of a particular commitment to move to international arbitration or arbitration designate another body as referred to in article 8 of this Agreement.

Article 11. Settlement of Disputes between Contracting Parties

1. Disputes concerning the interpretation or application of this agreement should, if possible, be settled through diplomatic channels.

2. If within six months from the time at which it was raised by either contracting party, the dispute is not settled, it may be submitted at the request of either contracting party to an arbitral tribunal.

3. The Tribunal shall be constituted for each individual case as follows: each Contracting Party shall appoint one member and these two Members shall designate by common agreement, a national of a third State who shall be appointed Chairman of the Tribunal by both contracting parties. all members shall be appointed within two months from the date one Contracting Party has informed the other contracting party of its intention to submit the dispute to arbitration.

4. If the periods specified in paragraph 3 above have not been made, either Contracting Party, in the absence of any other agreement, invite the Secretary General of the United Nations to make the necessary appointments. if the Secretary-General is a national of either Contracting Party or if he is otherwise prevented from exercising this function, the Under-Secretary-General the oldest and who is not a national of either Contracting Party shall make the necessary appointments.

5. The arbitral tribunal shall reach its decisions by a majority of votes. such decisions shall be final and enforceable automatically to the contracting parties.

6. The tribunal shall determine its own rules of. it interprets the award at the request of either Contracting Party. unless the Tribunal provides otherwise, in light of the particular circumstances, the expenses of the arbitral proceedings, including the business of the arbitrators shall be shared equally by the contracting parties.

Article 12. Consultation and Exchange of Information

At the request of either Contracting Party, the other party shall begin promptly enter into consultations concerning the interpretation and application of this Agreement.

Article 13. Entry Into Force , Duration and Termination

Each Party shall notify the other of the completion of the internal procedures required for the entry into force of this Agreement, which shall take effect one month after the date of receipt of the last notification.

This agreement is concluded for an initial period of ten years. it shall remain in force after the term unless one of the Parties denounces through diplomatic channels with one year notice.

On expiry of the period of validity of the present Agreement investments over which it was in force will continue to benefit from the protection of its provisions for a further period of twenty years.

For the Government of the French Republic: Francis Mer, the Minister of Economic Affairs, Finance and Industry in Bosnia and Herzegovina: Mladen Ivanic, Minister of Foreign Affairs

Done at Paris on 10 April 2006. Jacques Chirac

The President of the Republic: Prime minister Dominique de Villepin Foreign Minister Philippe Douste-Blazy