# Agreement between the Government of the French Republic and the Government of the Republic of Panama on the Treatment and Protection of Investments

The Government of the French Republic and the Government of the Republic of Panama, hereinafter referred to as the "Contracting Parties",

Wishing to develop economic cooperation between the two States in accordance with international law and to create favorable conditions for French investments in Panama and Panamanian investments in France

Convinced that the promotion and protection of such investments will be conducive to the stimulation of capital and technology transfer between the two countries in the interest of their economic development,

Have agreed as follows:

## Article 1.

For the purposes of this Agreement:

1. The term "investment" means assets, such as property rights and interests of any kind, in particular:

a) Movable and immovable property as well as any other rights in rem such as mortgages, pledge, usufructs, bonds or other financial guarantees and preferential claims similar rights;

b) Shares, stocks and other forms of participation by the same minority indirect or to companies established in the territory of one of the Parties;

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

d) Copyrights, industrial property rights, such as patents, licences, trademarks, industrial designs or models, processes and technical know-how, trade names and goodwill;

e) Concessions granted by law or under contract, including concessions to search for, culture, extract or exploit natural resources including those situated in maritime areas of the Contracting Parties;

Recognizing that such assets must be or have been invested in accordance with the legislation of the Contracting Party in the territory or maritime zones in which the investment is made before or after the entry into force of this Agreement.

Any alteration of the form in which assets are invested shall not affect their classification as investment, provided that such change is not contrary to the legislation of the State in the territory or maritime zones in which the investment is made.

2. The term "national" means natural persons having the nationality of either Contracting Party, in accordance with its law.

3. The term "companies" means any juridical person in the territory of one of the Contracting Parties in accordance with its law and having its registered office or directly or indirectly controlled by nationals of either Contracting Party, or by a juridical person with its head office in the territory of one of the Contracting Parties and in accordance with its law.

4. The term "revenue" means all amounts yielded returns by an investment interests, such as profits, royalties or during a period of time.

Investment income and in case of reinvestment, income from their reinvestment shall enjoy the same protection as the investment.

5. The term "Maritime Zones" means of marine and submarine areas over which the Contracting Party exercises, in accordance with international law, sovereign, sovereign rights or jurisdiction.

## Article 2.

Each Contracting Party recognizes and encourages, within the framework of its laws and the provisions of this Agreement, all investments made by companies and nationals of the other party in its territory and in the maritime zones.

## Article 3.

Each Contracting Party undertakes to provide in its territory and maritime zones in the fair and equitable treatment, in accordance with its legislation, in accordance with international law, to investments of nationals and companies of the other party and to ensure the enjoyment of the right thus recognized is hampered in either law or in fact.

## Article 4.

Each Contracting Party shall in its territory and in the maritime zones to nationals or companies of the other Contracting Party as regards their investments and activities associated with such investments, the treatment accorded to its own nationals or companies or the treatment accorded to nationals or companies of the most favoured nation, whichever is more favourable. In this connection, nationals who are authorised to work in the territory or maritime zones of either Contracting Party shall enjoy adequate physical facilities for the performance of their professional activities.

This treatment does not extend to the privileges which either Contracting Party accords to nationals or companies of any third State by virtue of its association or participation in a free trade area, customs union, common market or any other form of regional economic organizations.

## Article 5.

1. Investments made by nationals or companies of one of the Contracting Parties shall enjoy full protection and security in the territory and maritime zones of the other Contracting Party.

2. The Contracting Parties shall not take any measures of expropriation or nationalization or any other measures the effect of which is to deprive, directly or indirectly, the nationals and companies of the other Party of the investments belonging to them in its territory and maritime zones, except in the public interest or in the "social interest" and provided that such measures are not discriminatory or contrary to any specific undertaking in this field.

The dispossession measures that might be taken must be in accordance with the respective constitutional or legal procedures and give rise to payment of prompt and adequate compensation in the amount calculated on the full value of the investments concerned must be assessed in relation to a normal economic situation and prior to any threat of dispossession.

The necessary and appropriate measures to be taken to ensure that the compensation, its amount and payment procedures are fixed on a date not later than the date of expropriation. The compensation shall be paid without delay, and effectively realisable freely transferable. It produces until the date of payment shall include interest at the rate agreed upon by the Contracting Parties.

3. Investors of one of the contracting parties whose investments have suffered losses due to war or any other armed conflict, revolution, state of national emergency or revolt occurring in the territory or maritime areas of the other Contracting Party shall be accorded by that party treatment no less favourable than that accorded in similar cases to its own investors or to those of the most favoured nation. In such cases, they shall receive adequate compensation.

## Article 6.

Each Contracting Party in the territory or maritime zones of the investment which has been made by nationals or companies of the other Contracting Party shall grant those nationals or companies the free transfer of:

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

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

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

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

e) Compensation of dispossession or loss as provided for in Article 5, paragraph 2 and 3 above.

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 officiellemet normal at the rate of exchange applicable on the date of transfer.

## Article 7.

If the legislation of either Contracting Party provides a guarantee for investments abroad, it may be granted within the framework of a case-by-case review, to investments made by companies or nationals of that Party in the territory or maritime zones of the other party.

Investments of nationals and companies of one Contracting Party in the territory or maritime zones of the other party, can obtain the security referred to in the preceding paragraph only if they have previously obtained accreditation of that other party.

## Article 8.

1. Any investment dispute between a Contracting Party and a national or company of the other Contracting Party shall as far as possible be settled amicably between the two parties concerned.

2. If the dispute has not been settled amicably within a period of six months, it may be settled in accordance with the procedures contained in specific commitments that may exist between the Contracting Party and a national or company of the other Contracting Party, provided that such commitments have been concluded before the entry into force of this Agreement.

In the absence of such commitments, the dispute shall be submitted to international arbitration in accordance with the Arbitration Rules of the United Nations Commission on United Nations Commission on International Trade Law, as adopted by the United Nations General Assembly in its Resolution 31/98 of 15 December 1976 and in the light of the provisions of this Agreement.

## Article 9.

If one of the Contracting Parties, by virtue of a guarantee given in respect of an investment made in the territory of the other party makes its payment to one of its nationals or companies, it is thereby entered into the rights and claims of the national or company.

Such payments shall not affect the rights of the holder of the security or to use to carry out the measures referred to in Article 8.

## Article 10.

Investments in respect of a particular undertaking of one of the Contracting Parties with regard to its nationals and companies of the other Contracting Party shall be governed, without prejudice to the provisions of this Agreement, the terms of that commitment insofar as it contains provisions no less favourable than those provided for in this Agreement.

## Article 11.

1. Disputes between the contracting parties relating to the interpretation or application of this Agreement shall be settled by a bilateral technical commission and, where necessary, other diplomatic channels.

2. If, within a period of six months from the time at which it was raised by either Contracting Party, the dispute is not settled, it shall be submitted, at the request of either Contracting Party to an arbitral tribunal.

3. The Tribunal shall be constituted for each individual case in the following way:

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 chairman appointed 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.

The tribunal shall determine its own rules. It interprets the award at the request of either Contracting Party. Unless the Tribunal provides otherwise, in light of the particular circumstances, legal costs, including the costs of the arbitrators, shall be borne equally by the two Governments.

## Article 12.

Each Party shall notify the other of the completion of the internal procedures necessary 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 and shall continue in force thereafter 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 fifteen years.

In WITNESS WHEREOF the representatives of the two Governments, duly authorized thereto, have signed the present agreement and have affixed their seals.

For the Government of the French Republic,

Pierre-André Dumont,

Ambassador of France in Panama

For the Government of the Republic of Panama,

Juan José Amado III,

Minister of Foreign Affairs