

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

The Government of the French Republic and the Government of the Republic of Estonia hereinafter referred to as the Contracting Parties;

Desiring to enhance economic cooperation between the two States and to create favourable conditions for French investments in Estonia and Estonian investments in France;

Convinced that the promotion and protection of such investment is a successful incentive for the transfer of capital and technology between the two countries for their economic development,

Have agreed as follows:

Article 1.

For the application of this Agreement:

1. The term "investment" means assets such as property, rights and interests of every kind, and in particular but not exclusively

a) movable and immovable property, as well as all other real rights such as mortgages, liens, usufructs, bonds and similar rights;

(b) shares, stock options and other forms of participation, even minority or indirect, in companies incorporated in the territory of one of the Contracting Parties

c) Bonds, debts and rights to any benefits of economic value;

(d) Copyrights, industrial property rights (such as patents, licenses, trademarks, industrial models and layouts), technical processes, registered names and goodwill;

(e) concessions granted by law or under contract, including concessions for the exploration, cultivation, extraction or exploitation of natural resources, including those located in the maritime area of the Contracting Parties, provided that such assets shall be or have been invested in accordance with the legislation of the Contracting Party in whose territory or maritime area the investment is made, whether before or after the entry into force of this Agreement.

Any change in the form of investment of the assets shall not affect their qualification as investment, provided that such change is not contrary to the legislation of the Contracting Party in whose territory or maritime area the investment is made.

2. The term "nationals" refers to natural persons possessing the nationality of a Contracting Party in accordance with its legislation.

3. The term "companies" means any legal entity incorporated in the territory of one of the Contracting Parties, in accordance with its legislation and having its registered office there, or controlled, directly or indirectly, by nationals of one of the Contracting Parties, or by legal entities having their registered office in the territory of one of the Contracting Parties and incorporated in accordance with the legislation of the latter.

4. The term "income" means all sums generated by an investment, such as profits, royalties or interest, during a given period.

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

5. This Agreement shall apply to the territory of each of the Contracting Parties and to the maritime area of each of the Contracting Parties, hereinafter defined as the economic area and the continental shelf which extend beyond the limits of the territorial waters of each of the Contracting Parties and over which they have, in accordance with international law, sovereign rights and jurisdiction for the purpose of exploring, exploiting and conserving natural resources.

Article 2.

Each of the Contracting Parties shall admit and encourage, within the framework of its legislation and the provisions of this Agreement, investments made by the nationals and companies of the other Party in its territory and in its maritime zone.

Article 3.

Each Contracting Party undertakes to ensure, in its territory and in its maritime zone, fair and equitable treatment, in accordance with the principles of international law, of investments by the nationals and companies of the other Party, and to ensure that the exercise of the right so recognized is not hindered either in law or in fact.

Article 4.

Each Contracting Party shall, in its territory and maritime zone, apply to the nationals or companies of the other Party, in respect of their investments and activities related to such investments, treatment no less favourable than that accorded to its own nationals or companies, or the treatment accorded to the nationals or companies of the most favoured Nation, whichever is more favourable. In this connection, nationals authorized to work in the territory and maritime area of one of the contracting parties shall be given appropriate material facilities for the exercise of their professional activities.

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

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

Article 5.

1. Investments made by nationals or companies of either Contracting Party shall enjoy full protection and security in the territory and maritime zone 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 dispossess

nationals and companies of the other Party of investments belonging to them, in their territory and in their maritime zone, except in the public interest and provided that such measures are not discriminatory or contrary to any particular undertaking.

Any measures of dispossession which may be taken must give rise to the payment of prompt and adequate compensation, the amount of which, calculated on the real value of the investments concerned, must be assessed in relation to a normal economic situation prior to any measure of dispossession.

This indemnity, its amount and the way it is to be paid shall be fixed at the latest on the date of the dispossession. This compensation is effectively realizable, paid without delay and freely transferable. It produces,

until the date of payment, interest calculated at the appropriate market interest rate.

3. The nationals or companies of one of the Contracting Parties whose investments have suffered losses as a result of war or any other armed conflict, revolution, state of national emergency or revolt in the territory or maritime area of the other Contracting Party shall receive from the latter treatment no less favourable than that accorded to its own nationals or companies or to those of the most favoured nation.

Article 6.

Each Contracting Party, in the territory or maritime area of which investments have been made by nationals or companies of the other Contracting Party, shall accord to such nationals or companies the free transfer of

- (a) Of interest, dividends, profits and other current income;
- (b) royalties derived from intangible rights referred to in paragraph 1(d) and (e) of Article 1
- c) Payments made for the repayment of loans regularly contracted;
- d) Proceeds from the total or partial sale or liquidation of the investment, including capital gains;
- e) Compensation for loss of possession or for losses as provided for in Article 5, paragraphs 2 and 3 above.

The nationals of each of the contracting parties who have been authorized to work in the territory or maritime zone of the other contracting party, in connection with an approved investment, shall also be authorized to transfer to their country of origin an appropriate portion of their remuneration.

The transfers referred to in the preceding paragraphs shall be made without delay at the normal rate of exchange officially applicable on the date of transfer.

Article 7.

Insofar as the regulations of one of the Contracting Parties provide for a guarantee for investments made abroad, such guarantee may be granted, on a case-by-case basis, to investments made by nationals or companies of that Party in the territory or maritime zone of the other Party.

The investments of nationals and companies of one of the Contracting Parties in the territory or maritime zone of the other Party may only obtain the guarantee referred to in the above paragraph if they have first obtained the approval of the latter Party.

Article 8.

1. Any dispute relating to investments between one of the Contracting Parties and a national or a company of the other Contracting Party shall, as far as possible, be settled amicably between the two Parties concerned.
2. Any dispute which cannot be settled amicably within six months from the time it was raised in writing shall, at the request of either Party to the dispute, be submitted to arbitration for final settlement. The applicable arbitration procedures shall be the Arbitration Rules of the United Nations Commission on International Trade Law (UNCITRAL) adopted by the General Assembly on December 15, 1976.
3. Once both Contracting Parties have become members of the Convention on the Settlement of Investment Disputes between States and Nationals of Other States, signed in Washington on March 18, 1965, disputes shall be submitted, at the request of either Party, to arbitration by the International Centre for Settlement of Investment Disputes (ICSID), established by the said Convention.

Article 9.

If one of the Contracting Parties, by virtue of a guarantee given for an investment made in the territory or maritime zone of the other Party, makes payments to one of its nationals or to one of its companies, it shall thereby be subrogated to the rights and actions of such national or company.

Such payments shall not affect the rights of the beneficiary of the guarantee to have recourse to ICSID or to pursue actions brought before it until the proceedings have been completed.

Article 10.

Investments which have been the subject of a special undertaking by one of the Contracting Parties in respect of the nationals and companies of the other Contracting Party shall, without prejudice to the provisions of this Agreement, be governed by the terms of that undertaking in so far as it contains provisions more favourable than those contained in this Agreement.

Article 11.

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

2. If the dispute is not settled within six months of its being raised by either Contracting Party, it shall be submitted, at the request of either Contracting Party, to an arbitration tribunal.

3. The said tribunal shall be constituted for each particular case in the following manner:

Each Contracting Party shall appoint one member, and both members shall appoint, by mutual agreement, a national of a third State who shall be appointed chairman by both Contracting Parties. All members shall be appointed within two months of the date on which one Contracting Party has notified the other Contracting Party of its intention to submit the dispute to arbitration.

4. If the time limits laid down in paragraph 3 above have not been observed, either Contracting Party shall, 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 is otherwise unable to serve, the most senior Under-Secretary-General who is not a national of either Contracting Party shall make the necessary appointments.

5. The arbitration tribunal shall take its decisions by a majority vote. Such decisions shall be final and binding on the Contracting Parties.

The tribunal shall determine its own rules. It shall interpret the award at the request of either Contracting Party. Unless the tribunal decides otherwise, taking into account particular circumstances, the costs of the arbitration proceedings, including the fees of the arbitrators, shall be shared equally between the parties.

Article 12.

Each of the Parties 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.

The Agreement is concluded for an initial period of ten years. It shall remain in force after that term unless either Party denounces it through diplomatic channels with one year's notice.

Upon the expiration of the period of validity of this Agreement, investments made while it was in force shall continue to enjoy the protection of its provisions for a further period of twenty years.

Done at Tallinn, on 14 May 1992, in two originals, each in the French and Estonian languages, both texts being equally authentic.

For the Government of the French Republic

DOMINIQUE STRAUSS-KAHN

For the Government of the Republic of Estonia:

REIN MILLER

14 May 1992

Dear Minister

I have the honour to refer to the Agreement signed today between the Government of the French Republic and the Government of the Republic of Estonia on the reciprocal encouragement and protection of investments and to inform you that the interpretation of this Agreement is as follows, with regard to Article 3

(a) Any discriminatory restrictive legislation on the purchase and transportation of raw and auxiliary materials, energy and fuel, as well as means of production and operation of any kind, any impediment to the sale and transportation of products within the country and abroad, as well as any other measures having a similar effect, shall be considered as legal or de facto impediments to fair and equitable treatment;

(b) The contracting parties shall, within the framework of their domestic legislation, give sympathetic consideration to applications for entry and authorization to stay, work and travel submitted by nationals of one contracting party in connection with an investment made in the territory or maritime area of the other contracting party.

I should be grateful if you would inform me of your Government's agreement with the contents of this letter.

Please accept, Sir, the assurances of my highest consideration.

DOMINIQUE STRAUSS-KAHN

14 May 1992

Dear Mr. Minister

I have the honor to acknowledge receipt of your letter of today's date which reads as follows

"I have the honor to refer to the Agreement signed today between the Government of the French Republic and the Government of the Republic of Estonia on the reciprocal encouragement and protection of investments and to specify to you that the interpretation of this Agreement is as follows, with regard to Article 3:

"(a) Any discriminatory restrictive legislation on the purchase and transportation of raw and auxiliary materials, energy and fuel, as well as means of production and operation of any kind, any impediment to the sale and transportation of products within the country and abroad, as well as any other measures having a similar effect, shall be considered as legal or de facto impediments to fair and equitable treatment;

"(b) The contracting parties shall, within the framework of their domestic legislation, give sympathetic consideration to applications for entry and authorization to reside, work and travel submitted by nationals of a contracting party in connection with an investment made in the territory or maritime area of the other contracting party.

"I should be grateful if you would inform me of your Government's agreement with the contents of this letter. "I have the honour to confirm the agreement of my Government to the above.

Please accept, Sir, the assurances of my highest consideration.

REIN MILLER