

# **AGREEMENT BETWEEN THE GOVERNMENT OF THE REPUBLIC OF FRANCE AND THE GOVERNMENT OF THE REPUBLIC OF UGANDA ON THE RECIPROCAL PROMOTION AND PROTECTION OF INVESTMENTS**

The Government of the Republic of France and the Government of the Republic of Uganda hereinafter referred to as the Contracting Parties,

Desiring to strengthen the economic cooperation between both States and to create favorable conditions for French investments in (...) and (...) investments in France,

Convinced that the promotion and protection of these investments would succeed in stimulating transfers of capital and technology between the two countries in the interest of their economic development,

Have agreed as follows.

## **Article 1. Definitions**

For the purpose of this Agreement:

1. The term "investment" means every kind of assets, such as goods, rights and interests of whatever nature, and in particular though not exclusively:

a) Tangible, intangible, movable and immovable property as well as any other right in rem such as mortgages, liens, usufructs, pledges and similar rights;

b) Shares, premium on share and other kinds of interest including minority or indirect forms, in companies constituted in the territory of one Contracting Party;

c) Title to money or debentures, or title to any legitimate performance having an economic value;

d) Intellectual, commercial and industrial property rights such as copyrights, patents, licenses, trademarks, industrial models and mockups, technical processes, know-how, tradenames and goodwill, and any other similar rights;

e) Business concessions conferred by law or under contract, including concessions to search for, cultivate, extract or exploit natural resources, including those which are located in the maritime area of the Contracting Parties.

It is understood that those investments are investments which have already been made or may be made subsequent to the entering into force of this Agreement, in accordance with the legislation of the Contracting Party on the territory or in the maritime area of which the investment is made.

Any alteration of the form in which assets are invested shall not affect their qualification as investments provided that such alteration is not in conflict with the legislation of the Contracting Party on the territory or in the maritime area of which the investment is made.

2. The term "nationals" means physical persons possessing the nationality of either Contracting Party.

3. The term "company" means any legal person constituted on the territory of one Contracting Party in accordance with the legislation of that Party and having its head office on the territory of that Party, or controlled directly or indirectly by the nationals of one Contracting Party or by legal persons having their head office in the territory of one contracting Party and constituted in accordance with the legislation of that Party.

4. The term "returns" means all amounts produced by an investment, such as profits, royalties and interest, during a given period.

Investment returns and, in case of re-investment, re-investment returns shall enjoy the same protection as the investment.

5. This Agreement shall apply to the territory of each Contracting Party, as well as the maritime area of each Contracting Party, hereafter defined as the economic zone and the continental shelf outwards the territorial sea of each Contracting Party over which they have in accordance with International Law sovereign rights and a jurisdiction with a view to prospecting, exploiting and preserving natural resources.

6. Nothing in this agreement shall be construed to prevent any contracting party from taking any measure to regulate investment of foreign companies and the conditions of activities of these companies in the framework of policies designed to preserve and promote cultural and linguistic diversity.

7. For the purpose of this Agreement, it is understood that the Contracting Parties are responsible for the actions or omission of their sub-sovereign entities, including though not exclusively their federal states, regions, local governments or any other entity over which the Contracting Party exercise the control, the representation or the responsibility of its international affairs, or its sovereignty.

## **Article 2. Promotion and Admission of Investments**

Each Contracting Party shall promote, encourage and admit on its territory and in its maritime area, in accordance with its legislation and with the provisions of this Agreement, investments made by nationals or companies of the other Contracting Party.

## **Article 3. Fair and Equitable Treatment**

Either Contracting Party shall extend fair and equitable treatment in accordance with the principles of International Law to investments made by nationals and companies of the other Contracting Party on its territory or in its maritime area, and shall ensure that the exercise of the right thus recognized shall not be hindered by law or in practice. In particular though not exclusively, shall be considered as de jure or de facto impediments to fair and equitable treatment any restriction to free movement, purchase and sale of goods and services, as well as any other measures that have a similar effect.

Within the framework of their internal legislation, the Contracting Parties shall favorably examine requests for entry and authorization to reside, work and travel made by the nationals of one Contracting Party in relation to an investment made on the territory or in the maritime area of the other Contracting Party.

## **Article 4. National Treatment and Most Favored Nation Treatment**

Each Contracting Party shall apply on its territory and in its maritime area to the nationals and companies of the other Party, with respect to their investments and activities related to the investments, a treatment not less favorable than that granted to its nationals or companies, or the treatment granted to the nationals or companies of the most favored nation, if the latter is more favorable. In this respect, nationals authorized to work on the territory and in the maritime area of one Contracting Party shall enjoy the material facilities relevant to the exercise of their professional activities.

This treatment shall not include the privileges granted by one Contracting Party to nationals or companies of a third party State by virtue of its participation or association in a free trade zone, customs union, common market or any other form of regional economic organization.

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

## **Article 5. Dispossession and Indemnification**

1. The investments made by nationals or companies of one Contracting Party shall enjoy full and complete protection and safety on the territory and in the maritime area of the other Contracting Party.

2. Neither Contracting Party shall take any measures of expropriation or nationalization or any other measures having the effect of dispossession, direct or indirect, of nationals or companies of the other Contracting Party of their investments on its territory and in its maritime area, except in the public interest and provided that these measures are neither discriminatory nor contrary to a specific commitment.

Any measures of dispossession which might be taken shall give rise to prompt and adequate compensation, the amount of which shall be equal to the real value of the investments concerned and shall be set in accordance with the normal economic situation prevailing prior to any threat of dispossession.

The said compensation, the amounts and conditions of payment, shall be set not later than the date of dispossession. This compensation shall be effectively realizable, shall be paid without delay and shall be freely transferable. Until the date of payment, it shall produce interest calculated at the appropriate market rate of interest.

3. Nationals or companies of one Contracting Party whose investments have sustained losses due to war or any other armed conflict, revolution, national state of emergency or revolt occurring on the territory or in the maritime areas of the other Contracting Party, shall enjoy treatment from the latter Contracting Party that is not less favorable than that granted to its own nationals or companies or to those of the most favored nation.

## **Article 6. Free Transfer**

Each Contracting Party, on the territory or in the maritime area of which the investments have been made by nationals or companies of the other Contracting Party, shall guarantee to these nationals and companies the free transfer of:

- a) Interest, dividends, profits and other current income;
- b) Royalties deriving from incorporeal rights as defined in Article 1, Paragraph 1, letters (d) and (e);
- c) Repayments of loans which have been regularly contracted;
- d) Value of partial or total liquidation or disposition of the investment, including capital gains on the capital invested;
- e) Compensation for dispossession or loss described in Article 5, Paragraphs 2 and 3.

The nationals of either Contracting Party, who have been authorized to work on the territory or in the maritime area of the other Contracting Party, as the result of an approved investment, shall also be permitted to transfer to their country of origin an appropriate proportion of their earnings.

The transfers referred to in the foregoing paragraphs shall be promptly effected at the official exchange rate prevailing on the date of transfer.

In case of a serious balance of payments difficulties and external financial difficulties or the threat thereof, each contracting party may temporarily restrict transfers, provided that this restriction: i) shall be promptly notified to the other party; ii) shall be consistent with the articles of agreement with the International Monetary Fund; iii) shall not exceed in any case six months; iv) would be imposed in an equitable, non discriminatory and in good faith basis

## **Article 7. Settlement of Disputes between an Investor and a Contracting Party**

Any dispute concerning the investments occurring between one Contracting Party and a national or company of the other Contracting Party shall be settled amicably between the two parties concerned.

If this dispute has not been settled within a period of six months from the date on which it occurred by one or other of the parties to the dispute, it shall be submitted at the request of either party to the arbitration of the International Centre for the Settlement of Investment Disputes (ICSID), created by the Convention for the settlement of disputes in respect of investments occurring between States and nationals of other States signed in Washington on March 18, 1965.

In the case where the dispute may involve the responsibility for actions or omissions of sub-sovereign entities of the Contracting Parties as defined in article 1 paragraph 7 of the present Agreement, the forementioned sub-sovereign entity must give their unconditional consent to the use of arbitration of the International Centre for the Settlement of Investment Disputes (ICSID), as defined in article 25 of the Convention for the settlement of disputes in respect of investments occurring between States and nationals of other States signed in Washington on March 18, 1965.

## **Article 8. Guarantee and Subrogation**

1. In the event that the regulations of one Contracting Party contain a guarantee for investments made abroad, this guarantee may be accorded, after examining case by case, to investments made by nationals or companies of this Party on the territory or in the maritime area of the other Party.

2. Investments made by nationals or companies of one Contracting Party on the territory or in the maritime area of the other Contracting Party may obtain the guarantee referred to in the foregoing paragraph only if they have been previously agreed to by the other Party.

3. If one Contracting Party, as a result of a guarantee given for an investment made on the territory or in the maritime area

of the other Contracting Party, makes payments to its own nationals or companies, the first mentioned Party has in this case full rights of subrogation with regard to the rights and actions of the said national or company.

4. The said payments shall not affect the rights of the beneficiary of the guarantee to recourse to the ICSID or to continue proceedings submitted to it until completion of the proceedings.

## **Article 9. Special Commitment**

Investments having formed the subject of a special commitment of one Contracting Party, with respect to the nationals or companies of the other Contracting Party, shall be governed, without prejudice to the provisions of this Agreement, by the terms of the said commitment if the latter includes provisions more favorable than those of this Agreement.

## **Article 10. Settlement of Disputes between Contracting Parties**

1. Disputes relating to the interpretation or application of this Agreement shall be settled, if possible, by diplomatic channels.

2. If the dispute has not been settled within a period of six months from the date on which the matter was raised by either Contracting Party, it may be submitted at the request of either Contracting Party to an Arbitral Tribunal.

3. The said Tribunal shall be created as follows for each specific case: each Contracting Party shall appoint one arbitrator, and the two arbitrators thus appointed shall appoint by mutual agreement a national of a third Country, who shall be designated as Chairman of the Tribunal by the two Contracting Parties. All the arbitrators must be appointed within two months from the date of notification by one Contracting Party to the other Contracting Party of its intention to submit the disagreement to arbitration.

4. If the periods specified in Paragraph 3 above have not been met, either Contracting Party, in the absence of any other agreement, shall invite the Secretary General of the United Nations Organization to make the necessary appointments. If the Secretary General is a national of either Contracting Party, or if he is otherwise prevented from discharging the said function, the Under-Secretary next in seniority to the Secretary General, who is not a national of either Contracting Party, shall make the necessary appointments.

5. The tribunal shall reach its decisions by a majority of votes. These decisions shall be final and legally binding upon the Contracting Parties.

The Tribunal shall set its own rules of procedure. It shall interpret the judgment at the request of either Contracting Party. Unless otherwise decided by the tribunal, in accordance with special circumstances, the legal costs, including the fees of the arbitrators, shall be shared equally between the two Contracting Parties.

## **Article 11. Entry Into Force and Termination**

Each Party shall notify the other of the completion of the constitutional procedures required concerning the entry into force of this Agreement, which shall enter into force one month after the date of receipt of the final notification.

The Agreement shall be in force for an initial period of twenty years. It shall remain in force thereafter, unless one of the Contracting Parties gives one year's written notice of termination through diplomatic channels.

In case of termination 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 an additional period of twenty years.

Signed in Kampala, on January 3rd 2003, in duplicate in the French and English languages, both texts being equally authentic.

For the Government of the Republic of France

Jean-Bernard Thiant

French Ambassador to Uganda

For the Government of the Republic of Uganda

Tom Butine

Minister of International Affairs