

# **AGREEMENT BETWEEN THE GOVERNMENT OF THE FRENCH REPUBLIC AND THE GOVERNMENT OF THE STATE OF ISRAEL ON THE RECIPROCAL ENCOURAGEMENT AND PROTECTION OF INVESTMENTS**

## **(TOGETHER AN EXCHANGE OF LETTERS)**

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

Wishing to develop economic cooperation between the two States and to create favorable conditions for Israeli investment in France and French investment in Israel,

Convinced that the encouragement and protection of such investments are likely to stimulate the transfer of capital and technology between the two countries in the interest of their economic development,

Have agreed on the following provisions:

### **Article 1.**

For the purposes of this Agreement:

1. the term "investment" means assets, such as property rights and interests of all kinds and, in particular, though not exclusively:

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

b) The premiums or discounts, shares 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, technical processes, 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 law of the Contracting Party in the territory or maritime zones of 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 alteration 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 one of the Contracting Parties.

3. The term "companies" juridical means any 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 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 the principles of international law, to investments of nationals and companies of the other party and to ensure the enjoyment of the right thus recognized is not hindered either in 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 companies or nationals of either Contracting Party shall enjoy, in the territory or maritime zones of other contracting party to the protection and security.

2. The Contracting Parties shall not take any measures of expropriation or nationalization or any other measures the effect of which is, directly or indirectly dispossessing nationals and companies of the other party and their investments in its territory and in the maritime areas, except for a public purpose and provided that such measures are not discriminatory or contrary to a particular undertaking.

The dispossession measures that might be taken shall be subject to the payment of prompt and adequate compensation in the amount calculated on the real value of the investment concerned must be assessed in relation to a normal economic situation and prior to any threat of dispossession.

Such compensation, its amount and has no later than the date of dispossession. 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 Contracting Party whose investments have suffered 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 nation. in any event, they will 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 (d) and (e) of article 1; (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, paragraphs 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 formally at the normal 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 may request 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 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 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.

## **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 to resort to ICSID or to continue its actions brought before the Tribunal until the end of the procedure.

## **Article 10.**

Investments in respect of a particular undertaking of one of the Contracting Parties with respect to nationals and companies 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.

## **Article 11.**

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 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 President of the International Chamber of Commerce to make the necessary appointments. If the President is a national of either Contracting Party or of a country not having diplomatic relations with either Contracting Party or if he is otherwise prevented from exercising this function, the Vice-President designated by the President, who is not a national of either Contracting Party and is not a national of a country not having diplomatic relations with one or the other 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 of procedure. 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 business of the arbitrators shall be shared equally between 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 this 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,

Jean-Claude Trichet

For the Government of the State of Israel,

Yoël Sher

## **Exchange of Letters**

Dear Mr. President

I have the honor to refer to the Agreement signed today between the Government of the French Republic and the Government of the State of Israel on the reciprocal encouragement and protection of investments and to inform you that the interpretation of this Convention is as follows

1. With regard to Article 3:

(a) Any restriction on the purchase and transportation of raw and auxiliary materials, energy and fuel, and means of production and operation of any kind, any impediment to the sale and transportation of products within the country and abroad, and any other measure having a similar effect, shall be deemed to be de jure 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 in the territory of the other Contracting Party.

2. With regard to Article 5:

The rate of interest agreed upon by the Contracting Parties shall be the official rate of interest on the special drawing right as fixed by the IMF.

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

The President of the French Delegation,

JEAN-CLAUDE TRICHET

Dear Mr. President

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

(...)

I have the honor to inform you of my Government's agreement with the foregoing and I ask you to accept, Mr. President, the assurances of my highest consideration, the assurances of my highest consideration.

The Chairman of the Israeli Delegation,

YOEL SHER