Agreement between the Government of the French Republic and the Government of the Republic of Armenia on the Reciprocal Encouragement and Protection of Investment

The Government of the French Republic and the Government of the Republic of Armenia, 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 Armenia and Armenian 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 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, usufructs, guarantees and any other similar rights;

b) shares, share premiums and other forms of participation, even minority or indirect, in companies incorporated in the territory of one of the Contracting Parties;

c) obligations, claims and rights to all services of economic value;

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

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.

It is understood that such assets must be or have been invested in accordance with the law of the Contracting Party in the territory or maritime area 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 Contracting Party in the territory or maritime area 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" means any legal person in the territory of one of the Contracting Parties in accordance with their legislation 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 "returns" means all amounts yielded by an investment interests, such as profits, royalties or during a period of time.

Investment returns and in case of reinvestment, returns from their reinvestment 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 of the Contracting Parties, hereinafter referred to as defined as the economic zone and the continental shelf extending beyond the limits of the territorial waters of each of the Contracting Parties and on which they have, in accordance with international law, sovereign rights and jurisdiction for the purpose of exploitation and exploration for and preservation of natural resources.

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 area.

Article 3.

Each Contracting Party undertakes to provide, in its territory and in the maritime area, 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 in a fair and equitable treatment 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.

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

Article 4.

Each Contracting Party shall apply in its territory and maritime area to nationals or companies of the other Party, in respect of their investments and investment-related activities, treatment no less favourable than that accorded to its nationals or companies, or treatment accorded to nationals or companies of the most-favoured-nation, whichever is the more favourable. In this respect, nationals authorized to work in the territory and maritime zone of one of the Contracting Parties shall be entitled to benefit from appropriate material facilities for the exercise 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 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 measures of expropriation or nationalisation or any other measures the effect of which is to deprive, directly or indirectly, the nationals and companies of the other Party of investments belonging to them in their territory and in their maritime zone, unless such measures are in the public interest and provided that they are not discriminatory or contrary to a 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, equal to the real value of the investments concerned, must be assessed in relation to a normal economic situation and prior to any threat of dispossession.

This indemnity, its amount and its terms of payment shall be fixed no later than the date of dispossession. This indemnity shall be effectively realizable, paid without delay and freely transferable. Until the date of payment, it shall yield interest calculated at the appropriate market interest rate.

3. 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, national emergency or revolt in the territory or maritime zone of the other Contracting Party shall enjoy 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 in which the investments were 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;

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.

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

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 of the parties 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 8.

1. 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.

2. 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.

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 its payment to one of its nationals or companies, it is thereby entered into the rights and claims of the national or company.

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

Article 9.

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 10.

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

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 11.

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 after 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.

Done in Yerevan on 4 November 1995, in two originals, each in the French and Armenian languages, both texts being equally authentic.

For the Government of the French Republic

For the Government of the Republic of Armenia