

# **Agreement between the Government of the French Republic and the Government of the Republic of Cuba on the reciprocal encouragement and protection of investments**

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

Desiring to strengthen economic cooperation between the two States and to create favorable conditions for French investment in Cuba and Cuban investment in France

Convinced that the promotion and protection of such investments will 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 all assets, such as property, rights and interests of every kind, and more particularly, 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, share premiums 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) Intellectual, commercial and industrial property rights, such as copyrights, patents, licenses, trademarks, industrial models and designs, technical processes, know-how, registered names and goodwill;

(e) concessions granted by law or under contract, including concessions for the exploration, cultivation or exploitation of natural resources, including those located in the maritime zone of the contracting parties.

It is understood that such assets must be or have been invested in accordance with the legislation of the Contracting Party in whose territory or maritime zone 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 characterization as an investment, provided that such change is not contrary to the law of the Contracting Party in whose territory or maritime area the investment is made.

2. The term "nationals" means:

(i) For France, natural persons possessing French nationality;

(ii) for Cuba, natural persons who are citizens of that State in accordance with its laws.

3. The term "companies" means any legal entity incorporated in the territory of one of the contracting parties in accordance with the legislation of that party 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 that party.

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

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

5. This Agreement shall apply to the territory of each Contracting Party and to the maritime area of each Contracting Party, hereinafter defined as the economic zone and the continental shelf which extend beyond the limits of the territorial waters of each Contracting Party 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 Contracting Party shall, within the framework of its legislation and the provisions of this Agreement, admit and encourage investments made by 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 maritime zone, fair and equitable treatment, in accordance with the principles of international law, of investments of nationals and companies of the other party and to ensure that the exercise of the right so recognized is not impeded in law or in fact.

Neither Contracting Party shall hinder, by discriminatory or arbitrary measures, the management, maintenance, use, enjoyment or liquidation of investments which are made in its territory or maritime area by nationals or companies of the other Contracting Party.

## **Article 4.**

1. Each Contracting Party shall, in its territory and maritime area, apply to the nationals or companies of the other Party, with respect to their investments and activities related to such investments, treatment no less favorable than that accorded to its nationals or companies, or the treatment accorded to the nationals or companies of the most favored nation, whichever is more favorable.

2. It is specified that the investments referred to in paragraph 1 of this article are those which have been authorized under the national legislation applicable to foreign investments.

3. This treatment does not, however, extend to privileges which a Contracting Party grants to 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.

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

Any dispossession measures 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 prior to any threat of dispossession.

This indemnity, its amount and the terms of payment shall be fixed at the latest on the date of the dispossession. This compensation is effectively realizable, paid without delay and freely transferable. It shall bear interest until the date of payment at the appropriate commercial rate of interest.

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, 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 grant to such nationals or companies the free transfer of:

- (a) 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 sale or liquidation of the investment, in whole or in part, including capital gains on the investment;
- (e) the compensation for loss or dispossession provided for in Article 5, paragraphs 2 and 3 above.

Nationals of each of the Contracting Parties who have been authorized to work in the territory or maritime area 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 in freely convertible currency 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.

Investments by nationals and companies of one of the Contracting Parties in the territory or maritime zone of the other Party may not obtain the guarantee referred to in the above paragraph unless they have first obtained the approval of the latter Party.

## **Article 8.**

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 the arbitration tribunal referred to in Article 10 or to pursue the actions brought before it until the proceedings have been completed.

## **Article 9.**

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 provided for in this Agreement.

## **Article 10.**

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

If such a dispute has not been settled within six months from the time it was raised by either of the parties to the dispute, it shall be submitted at the request of either of these parties to arbitration by an ad hoc tribunal established in accordance with the Arbitration Rules of the United Nations Commission on International Trade Law (UNCITRAL).

## **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, at the request of either Contracting Party, be submitted 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 the two members shall appoint, by mutual 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 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 Deputy 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 by the Contracting 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 day of receipt of the last notification.

The Agreement is concluded for an initial period of ten years. It shall remain in force after this period, unless one of the Parties denounces it through diplomatic channels with a one-year 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 in Paris, this 25th day of April 1997, in two originals, each in the French and Spanish languages, both texts being equally authentic.

For the Government of the French Republic :

Franck Borotra,

Minister of Industry

For the Government of the Republic of Cuba:

Ibrahim Ferradaz Garcia,

Minister of Economic Cooperation

## **PROTOCOL**

Upon signing the Agreement between the Government of the French Republic and the Government of the Republic of Cuba on the Reciprocal Encouragement and Protection of Investments, it was agreed between both Parties that the following provisions shall form an integral part of the Agreement.

1. With regard to Article 3:

In particular, although not exclusively, 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 measures having a similar effect, shall be considered as legal or de facto impediments to fair and equitable treatment.

The Contracting Parties shall, within the framework of their domestic legislation, give sympathetic consideration to applications for entry and authorization for residence, work and movement submitted by nationals of a Contracting Party in connection with an investment made in the territory or maritime area of the other Contracting Party.

2. With regard to Article 4, paragraph 1:

In this respect, nationals authorized to work in the territory and maritime zone of one of the Contracting Parties must be able to benefit from appropriate material facilities for the exercise of their professional activities.

3. With regard to Article 10:

In the event that both Contracting Parties become Parties to the Convention on the Settlement of Investment Disputes between States and Nationals of Other States, signed in Washington on 18 March 1965, the disputes referred to in Article 10 shall be submitted at the request of either Party to the dispute to arbitration by the International Centre for Settlement of Investment Disputes (ICSID), established by the above Convention.

Done at Paris, this 25th day of April 1997, in two originals, each in the French and Spanish languages, both texts being equally authentic.

For the Government of the French Republic :

Franck Borotra,

Minister of Industry For the Government

of the Republic of Cuba :

Ibrahim Ferradaz Garcia,

Minister of Economic Cooperation