[TRANSLATION -- TRADUCTION]

AGREEMENT BETWEEN THE GOVERNMENT OF THE FRENCH REPUBLIC AND THE GOVERNMENT OF THE REPUBLIC OF MOLDOVA ON THE RECIPROCAL PROMOTION AND PROTECTION OF INVESTMENTS

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

Desiring to strengthen economic cooperation between the two States and to create favourable conditions for French investments in the Republic of Moldova and for Moldovan investments in France,

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

Have agreed on the following provisions:

Article 1. Definitions

For the purpose of this Agreement:

1. The term "investment" shall mean all assets such as property, rights and interests of any nature and more specifically, but not exclusively:

(a) Movable and immovable property and all other real rights such as mortgages, liens, usufructs, sureties and similar rights;

(b) Shares, issue premiums and other forms of participation, even if minority or indirect, in companies constituted in the territory of either Contracting Party;

(c) Bonds, claims and rights to any benefit having an economic value;

(d) Intellectual, commercial and industrial property rights (such as copyrights, patents of invention, licences, registered trade marks, industrial mock-ups and models), technical processes, know-how, registered trade names and goodwill;

(e) Concessions accorded by law or by virtue of a contract, including concessions to prospect for, cultivate, extract or exploit natural resources, including those situated in the maritime zones of the Contracting Parties.

It is understood that the said assets shall be or shall have been invested in accordance with the legislation of the Contracting Party in whose territory or maritime zone the investment is made, before or after the entry into force of this Agreement.

No change in the form in which assets are invested shall affect their status as an investment, provided that the change is in accordance with the legislation of the Contracting Party in whose territory or maritime zone the investment is made.

2. The term "nationals" shall mean natural persons having the nationality of either Contracting Party.

3. The term "companies" shall mean bodies corporate established in the territory of either Contracting Party in accordance with that Party's legislation and having their registered office there, or controlled, directly or indirectly, by nationals of a Contracting Party or by bodies corporate having their registered office in the territory of a Contracting Party and established in accordance with that Party's legislation.

4. The term "income" shall mean all the amounts yielded by an investment, such as profits, royalties, or interest, during a given period.

Income from investment and from any reinvestment of that income shall enjoy the same protection as the investment itself.

5. This Agreement shall apply to the territory of each Contracting Party and to the maritime zone of each Contracting Party, which is herein defined as the economic zone and the continental shelf which extend beyond the limit 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 prospecting for, exploiting and conserving natural resources.

Article 2. Permission for and promotion of investments

Each Contracting Party shall permit and promote, in accordance with its legislation and with the provisions of this Agreement, investments made in its territory and maritime zone by nationals and companies of the other Party.

Article 3. Fair and equitable treatment

Each Contracting Party undertakes to accord, in its territory and maritime zone, fair and equitable treatment, in conformity with the principles of international law, to the investments of nationals and companies of the other Party and to ensure that the exercise of the right to fair and equitable treatment so granted is not impeded either de jure or de facto. De jure or de facto impediments to fair and equitable treatment include, but are not limited to, any restriction on the purchase or transport of raw materials, ancillary materials, energy or fuels, as well as means of production and operation of all kinds, any impediment to the sale or transport of products within the country or abroad, and all other measures having a similar effect.

Each Contracting Party, within the framework of its domestic legislation, shall give favourable consideration to applications for entry and for residence, work and travel authorizations submitted, in connection with an investment made in its territory or maritime zone, by nationals of the other Contracting Party.

Article 4. National or most-favoured-nation treatment

Each Contracting Party shall, in its territory and maritime zone, accord to nationals and companies of the other Party, in respect of their investments and activities in connection with such investments, treatment that is no less favourable than that accorded to its own nationals and companies or the treatment accorded to nationals and companies of the most

favoured nation, whichever is more advantageous. For this purpose, nationals of either Contracting Party who are authorized to work in the territory or maritime zone of the other Contracting Party shall be entitled to enjoy the material facilities appropriate for the exercise of their professional activities.

Such treatment shall not, however, include privileges extended by a Contracting Party to nationals or companies of a third State by virtue of its participation in or association with 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 fiscal matters.

Article 5. Dispossession and compensation

1. Investments made by nationals or companies of either Contracting Party shall be fully and completely protected and safeguarded in the territory and maritime zone of the other Contracting Party.

2. Neither Contracting Party shall take any expropriation or nationalization measures or any other measures having the effect of directly or indirectly dispossessing nationals or companies of the other Party of their investments in its territory or maritime zone, except for reasons of public interest and on condition that such measures are not discriminatory or contrary to a specific undertaking.

Any dispossession measures taken shall give rise to the payment of prompt and adequate compensation the amount of which, equal to the real value of the investments concerned, shall be assessed on the basis of a normal economic situation prior to any threat of dispossession.

The amount and manner of payment of such compensation shall be determined not later than the date of dispossession. The compensation shall be effectively realizable, paid without delay and freely transferable. It shall yield, up to the date of payment, interest calculated at the appropriate market rate.

3. Nationals or companies of one Contracting Party who have suffered losses on their investments as a result of war or any other armed conflict, revolution, state of national emergency or uprising in the territory or maritime zone of the other Contracting Party shall be accorded by the latter Party treatment no less favourable than that accorded to its own nationals or companies or to those of the most favoured nation.

Article 6. Free transfer

A Contracting Party in whose territory or maritime zone investments have been made by nationals or companies of the other Contracting Party shall accord to those nationals or companies freedom of transfer of:

(a) Interest, dividends, profits and other income;

(b) Royalties deriving from the intangible property listed in article 1, paragraph 1 (d) and (e);

(c) Payments made in reimbursement of duly contracted loans;

(d) Proceeds of the complete or partial liquidation or transfer of the investment, including appreciation of the invested capital;

(e) The compensation for dispossession or loss provided for in article 5, paragraphs 2 and 3 above.

Nationals of either Contracting Party 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. Settlement of disputes between an investor and a Contracting Party

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

Any such dispute which has not been settled within six months after it arises shall, at the request of either party to the dispute, be submitted for arbitration to 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, signed at Washington on 18 March 1965.

Article 8. Guarantee and subrogation

1. Insofar as the regulations of a Contracting Party provide for guaranteeing external investments, a guarantee may be granted, on the basis of a case-by-case review, for investments made by nationals or companies of that Party in the territory or maritime zone of the other Contracting Party.

2. Investments made by nationals and companies of one Contracting Party in the territory or maritime zone of the other Party may be granted the guarantee provided for in the preceding paragraph only with the prior consent of the latter Party.

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

4. Such payments shall be without prejudice to the right of the beneficiary of the guarantee to have recourse to ICSID or to prosecute actions begun by that means until the proceedings are completed.

Article 9. Specific undertaking

Investments which have been the subject of a special undertaking by one Contracting Party vis-à-vis nationals or companies of the other Contracting Party shall be governed, without prejudice to the provisions of this Agreement, by the terms of that undertaking, insofar as its provisions are more favourable than those laid down by this Agreement.

Article 10. Settlement of disputes between the Contracting Parties

1. Disputes concerning the interpretation or application of this Agreement shall, as far as possible, be settled by means of direct consultations between the Contracting Parties.

2. Any dispute which has not been settled within six months after it arises shall be submitted, at the request of either Contracting Party, to an arbitral tribunal.

3. The tribunal shall, in each separate case, be constituted as follows: each Contracting Party shall designate one member, and the two members shall, by mutual consent, designate a national of a third State who shall be appointed Chairman of the tribunal by the two Contracting Parties. All the members shall be appointed within two months of the date on which one Contracting Party notifies the other Contracting Party of its intention to submit the dispute to arbitration.

4. If the time limits established in paragraph 3 above are not observed, either Contracting Party may, unless otherwise agreed, 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, for any other reason, he is prevented from performing that function, the most senior Under-Secretary-General who is not a national of either Contracting Party shall make the necessary appointments.

5. The arbitral tribunal shall take its decisions by majority vote. Such decisions shall be final and binding as of right on the Contracting Parties.

The tribunal shall adopt its own rules of procedure. It shall interpret its award at the request of either Contracting Party. Unless the tribunal decides otherwise, taking special circumstances into consideration, the cost of the arbitral proceedings, including the arbitrators' fees, shall be divided equally between the Contracting Parties.

Article 11. Entry into force and period of validity

Each Party shall notify the other of the completion of the respective internal procedures required for the entry into force of this Agreement, which shall take place one month after the date of receipt of the last such notification.

This Agreement is concluded for an initial period of 10 years. It shall remain in force thereafter unless one year's notice of termination is given by one of the Parties through the diplomatic channel.

Upon the expiry of this Agreement, investments made while it was in force shall continue to be protected by its provisions for an additional period of 20 years.

Done at Paris on 8 September 1997, in two originals, each in French and Moldovan, both texts being equally authentic.

For the Government of the French Republic:
PIERRE MOSCOVICI

For the Government of the Republic of Moldova:
NICOLAS TABACARU