

No. 10512

FRANCE
and
UNITED ARAB REPUBLIC

Convention concerning the settlement of problems relating to the assets of French nationals in the territory of the United Arab Republic (with protocol and exchange of letters). Signed at Paris on 28 July 1966

Authentic text: French.

Registered by France on 2 June 1970.

FRANCE
et
RÉPUBLIQUE ARABE UNIE

Convention concernant le règlement des problèmes relatifs aux patrimoines des ressortissants français sur le territoire de la République arabe unie (avec protocole et échange de lettres). Signée à Paris le 28 juillet 1966

Texte authentique : français.

Enregistrée par la France le 2 juin 1970.

[TRANSLATION — TRADUCTION]

CONVENTION ¹ BETWEEN THE GOVERNMENT OF THE
FRENCH REPUBLIC AND THE GOVERNMENT OF THE
UNITED ARAB REPUBLIC CONCERNING THE SETTLE-
MENT OF PROBLEMS RELATING TO THE ASSETS OF
FRENCH NATIONALS IN THE TERRITORY OF THE
UNITED ARAB REPUBLIC

The Government of the French Republic,

The Government of the United Arab Republic,

Desiring to reach a speedy and final settlement of problems arising
from measures which affected the assets of French nationals situated in
the territory of the United Arab Republic,

Have agreed as follows :

T I T L E I

FRENCH PROPERTY, RIGHTS AND INTERESTS AFFECTED BY MEASURES
TAKEN PRIOR TO 22 AUGUST 1958

Article 1

The two Governments note that the provisions of the General Agree-
ment of 22 August 1958 ² and of Decree No. 36 of 1958 promulgated on
18 September 1958 by the Government of the United Arab Republic legally
terminated the measures of sequestration taken against French assets
pursuant to Proclamation No. 5 of 1 November 1956.

Accordingly, all French property, rights and interest affected by the
said measures shall be released in the manner laid down by the said General
Agreement, by Decree No. 36, by the Agreement of 5 November 1964 ³
and by the provisions of title I of the present Convention.

¹ Came into force on 1 September 1967, date of the exchange of notes indicating that the constitutional formalities required in each of the two countries had been complied with, in accordance with article 19.

² See p. 85 of this volume.

³ United Nations, *Treaty Series*, vol. 760, No. 10897.

Article 2

Property, rights and interests for the reconsignment of which the French owners have made application in accordance with the General Agreement of 22 August 1958 and the agreements concluded or texts promulgated for the implementation thereof, and have performed in due time the necessary acts and formalities vis-à-vis the competent government departments in the United Arab Republic shall be returned to the rightful claimants within six months from the date of entry into force of the present Convention.

Article 3

Where the property, rights or interests referred to in article 2 above were subjected to measures of sale or assignment prior to 22 August 1958, and where the corresponding compensation was not paid in full into the Sequestrator's accounts or to the owner, the debtor agency shall, on each due date subsequent to the return referred to in article 2 above, remit 90 per cent of the amount to the creditor and 10 per cent to the Government of the United Arab Republic.

Article 4

Subject to the exercise of the right of contestation referred to in article 2 of the Protocol which is annexed to the present Convention and which forms an integral part thereof, the authorities of the United Arab Republic shall proceed to dispose of the assets of French nationals who do not fulfil the conditions referred to in article 2 above.

The disposal of the said assets shall commence at the beginning of the sixth month following the entry into force of the present Convention.

The proceeds of such disposal, in an agreed amount of £E300,000, shall be paid, within six months from the entry into force of the present Convention, into an account opened in the name of the Government of the French Republic, which shall proceed on its sole authority to distribute the said amount among such rightful claimants resident in France as it shall itself designate.

In consideration of such payment, title to the property, rights and interests disposed of pursuant to this article shall be transferred to the Government of the United Arab Republic.

Article 5

The payment of compensation owed to French companies whose property, rights and interests in Egypt were subjected to measures of disposal prior to 22 August 1958 shall be effected in accordance with the

provisions of the Zurich Agreements¹ and of the special agreements which have been concluded with the parties concerned.

Article 6

The French diplomatic mission in the United Arab Republic shall be entitled to acquire, for the purpose of financing all its local expenditure, pounds on capital account registered in the name of French holders up to a maximum of £E500,000 per year.

Article 7

Travel agencies shall be entitled to purchase Egyptian pounds on capital account, within an annual limit of 20 per cent of the amount of each account, for the payment of living expenses of French travellers in the United Arab Republic, within a maximum limit of £E1,000 per traveller per year.

T I T L E I I

FRENCH PROPERTY, RIGHTS AND INTERESTS AFFECTED BY MEASURES TAKEN SUBSEQUENT TO 22 AUGUST 1958

Article 8

For the purposes of this title, French property, rights and interests shall be deemed to be any property, rights and interests belonging to individuals of French nationality or to corporations whose head office is in France and the majority of whose capital is owned by persons of French nationality.

The requirement as to nationality in the case of individuals and the requirements as to head office and majority ownership in the case of corporations under the terms of the preceding paragraph must be satisfied from the date of the measure affecting their property, rights and interests to the date of entry into force of the present Convention.

Article 9

The Government of the United Arab Republic shall compensate individuals and corporations fulfilling the requirements of article 8 above whose property, rights and interests were affected by measures of nationalization

¹ See "General Agreement", p. 85 of this volume, and "Payments Agreement", in vol. 760, No. 10896, of the United Nations *Treaty Series*.

or other measures privative of rights of any kind taken by the United Arab Republic between 22 August 1958 and the date of entry into force of the present Convention.

Article 10

The amount of any compensation in Egyptian pounds payable in accordance with the provisions of article 9 above shall be :

- In the case of securities quoted on a stock exchange, the amount determined under the laws of the United Arab Republic;
- In the case of property, rights and interests which are not represented by securities quoted on a stock exchange, the amount determined by the Egyptian Assessment Commissions.

The amount of compensation to be paid to Lebon et Cie consequent to the cancellation of its concession at Alexandria and in respect of the disposal of all or part of the other assets owned in the United Arab Republic by the said company or by its subsidiary, CAPIC, has been determined by the agreement of 28 July 1966, concluded between the authorities of the United Arab Republic and the said company.

Article 11

The total amount of compensation payable to each of the individuals and corporations referred to in article 8 shall be based on the aggregate of the claims submitted by the individual or corporations concerned, supported by the securities of nationalized companies, the government bonds which were delivered in exchange or the corresponding certificates of ownership, or by any other instrument of title and, in general, any appropriate evidence.

Article 12

The amounts payable in compensation, in accordance with the provisions of articles 9 and 10 above, to corporations which and individuals of French nationality who are not, or are no longer, resident in the United Arab Republic on the date of entry into force of the present Convention, shall be transferred as follows :

The Government of the United Arab Republic shall make payment, in Egyptian pounds, of 50 per cent of the compensation owed to each of the parties concerned, to the credit of a special account opened with the Central Bank of Egypt in the name of the Bank of France. The said account shall be utilized in payment, as to 50 per cent of their value, for all goods originating in the United Arab Republic (with the exception of cotton, rice and petroleum) imported directly into France for the needs of the French market.

As regards the compensation paid to Lebon et Cie, the Government

of the United Arab Republic undertakes to facilitate utilization of the amount involved by the said company for all its local expenditure in the United Arab Republic under contracts to be concluded by the company.

The account referred to in this article shall not bear interest.

Article 13

Upon application by individuals of French nationality who are resident in the United Arab Republic on the date of entry into force of the present Convention, and provided that the application is submitted within one year from the said date, the authorities of the United Arab Republic shall also pay into the special account 50 per cent of the compensation owed to the individuals concerned.

Such individuals shall benefit from the arrangements relating to transfer provided for in the present Convention upon acquiring non-resident status; applications for such status must be submitted not later than two years after the entry into force of the present Convention.

Article 14

Transactions affecting the special account referred to in article 12 shall be exempt from all taxes, duties or transfer charges.

Article 15

For the purpose of calculating amounts of compensation to be paid into the special account referred to in article 12 and amounts standing to the credit of the said account, the value of the Egyptian pound shall be fixed at 11.30 francs per Egyptian pound.

Article 16

The provisions of any agreements which the United Arab Republic may conclude with third countries for compensation in respect of property, rights and interests affected by the measures referred to in this title shall be automatically extended to French nationals, where such provisions are more favourable than those resulting from the present Convention.

T I T L E III

GENERAL PROVISIONS

Article 17

A Mixed Commission shall keep under review the implementation of the present Convention. The Commission shall take such measures as may prove necessary to ensure satisfactory implementation of the provisions

of the Convention and of the Agreements of 22 August 1958. The Commission may, in particular, recommend to the two Governments, as appropriate, any other manner of utilization of the accounts provided for in the present Convention.

The Commission shall meet at the request of either Government.

Article 18

Implementation of the provisions of the present Convention shall constitute a final settlement of the problems raised by all measures privative of rights covered by this Agreement. Accordingly, the French Government will not intervene in behalf of its nationals who shall have benefited therefrom.

Article 19

The present Convention, and the Protocol and letters annexed thereto and forming an integral part thereof, shall be ratified or approved in accordance with the constitutional provisions in force in each country. They shall become operative on the date of the exchange of notes indicating that the formalities required in each country have been complied with.

DONE in duplicate at Paris, on 28 July 1966.

For the Government
of the French Republic :

Hervé ALPHAND

[SEAL]

For the Government
of the United Arab Republic :

Ahmad Hassan EL-FEKKI

[SEAL]

PROTOCOL

ANNEXED TO THE CONVENTION

Article 1

The authorities of the United Arab Republic shall accord the benefit of the provisions of the Agreements of 22 August 1958¹ and 5 November 1964², and of the Convention of 28 July 1966 and the present Protocol, to French nationals who submitted applications for reconsignation at a date subsequent to the date determined by the legal texts in force, provided :

(a) That the said applications were submitted prior to 1 January 1966;

¹ See p. 85 of this volume and vol. 760, No. 10896, of the United Nations *Treaty Series*.

² United Nations, *Treaty Series*, vol. 760, No. 10897.

(b) That, if the owner is unable himself to perform the necessary acts and formalities, an agent has been appointed within 30 days following the entry into force of the Convention of 28 July 1966;

(c) That all documents required by the laws and regulations in force have been delivered to the Office of the Sequestrator-General within 90 days following the date on which they were called for by the said Office.

As regards the simplified procedure applicable to securities, only the conditions referred to in subparagraphs (a) and (c) above shall be required.

Accordingly, the property, rights and interests of the persons referred to above shall not be subject to disposal as provided for in article 4 of the Convention of 28 July 1966.

Article 2

French nationals who lodged an application for reconsignment in due form but whose assets are to be disposed of, in accordance with the provisions of article 4 of the Convention of 28 July 1966, by reason of their not having subsequently performed the necessary acts and formalities vis-à-vis the competent government departments in the United Arab Republic may contest the disposal order affecting them, subject to the following procedure :

Upon the entry into force of the aforementioned Convention, the Sequestrator-General shall transmit to the French diplomatic mission in the United Arab Republic lists of the French nationals whose assets he intends to dispose of, together with all information in his possession for identifying and locating the persons concerned. The competent French government departments shall notify the said persons accordingly. Within 30 days following receipt of such notification, owners or their agents must send to the Sequestrator-General an application for exemption from disposal, accompanied by all relevant supporting evidence. Applications which are denied by the Office of the Sequestrator or on which the said Office has not rendered a decision within 30 days of receipt shall be submitted to the Mixed Commission referred to in article 19 of the aforementioned Convention, which shall issue an unappealable ruling within two months of the matter's being brought before it.

Assets the disposal of which has not been contested by the parties concerned within six months from the entry into force of the aforementioned Convention shall, irrespective of the circumstances, be subject to the provisions of article 4.

Article 3

In the case of undivided estates or partnerships, a reconsignment order shall be issued in respect of the rights of joint owners or partners who have made application in due form, even if one or more of the partners or joint owners have made no application.

The income from the property shall accordingly be distributed, within the limit of the percentage of their rights, to the owners or partners benefiting from the reconsignment order.

Reconsignment shall be ordered in respect of partnerships themselves only where application therefor is made in due form by the manager of the firm.

Article 4

Within a period of two months following the submission of an application for a tax clearance certificate, the competent government department in the United Arab Republic shall grant such clearance or shall inform the applicant of any further information which it requires. In the latter case, the said department shall render a decision within 30 days following transmittal by the applicant of the information requested, either granting the tax clearance certificate or giving notice of the amount of tax claimed. The applicant must have provided the information requested within a period of 30 days.

The total length of proceedings before the Taxation Department shall not, irrespective of the circumstances, exceed six months.

All the above time-limits shall be reduced by one half where the party concerned has been granted an initial tax clearance certificate and seeks an additional one.

If a taxpayer intends to contest the tax claim of which he is given notice, he shall nevertheless be granted non-resident status, but the amount which may be transferred or credited to a capital account in accordance with the procedures laid down in the Agreement of 22 August 1958 or credited to the special account in accordance with the provisions of the Convention of 28 July 1966 shall consist only of the amount in excess of the said tax claim. If the Taxation Department, in order to safeguard its rights, levies a distress upon the assets of a French national, the distraint may not affect any amount in excess of tax claims of which due notice has been given.

Article 5

The competent authorities of the United Arab Republic shall, within 30 days of submission of the application, issue a certificate of non-residence requested by a French national or by an agent on his behalf.

The same shall apply where the applicant, having left the territory of the United Arab Republic without obtaining a final exit visa, declares his intention of renouncing his resident status and applies for a certificate of non-residence, even before the expiry of the period of six months at the end of which resident status automatically lapses.

Article 6

Upon completion of the formalities prescribed in articles 4 and 5 above concerning tax clearance certificates and certificates of non-residence, the Exchange Control Department shall recognize the non-residence status of applicants and the financial establishments of the United Arab Republic shall immediately effect the transfers referred to in article 4 (a) of the Agreement concerning Transfers of 22 August 1958¹ or shall, as the case may be, credit the funds of French nationals to a "capital account" in accordance with the provisions of article 4 (b) and article 5 of the said Agreement or to the "special account" in accordance with the provisions of article 12 of the Convention of 28 July 1966.

¹ See p. 85 of this volume.

Article 7

In the case of estates of French nationals deceased subsequent to 22 August 1958, the transfer rights shall belong to the rightful claimants, on the conditions laid down in articles 4, 5 and 6 above concerning the obtaining of tax clearance certificates and the recognition of non-resident status.

Article 8

French nationals who own assets earmarked for them by an Egyptian financial establishment, which are situated outside the territory of the United Arab Republic and which do not consist of Egyptian securities shall, upon obtaining non-resident status, recover the freedom to dispose of such assets.

Article 9

The total amount of annual instalments owed to French nationals in respect of the sale or assignment of agricultural land shall be paid before 1 October 1967.

The buildings, livestock, equipment and plantings on agricultural properties thus sold or assigned shall be assessed as soon as possible. Payment of amounts owed in compensation in respect of the sale or assignment of such items shall be effected before 1 Octobre 1968.

Should French nationals be unable to deliver to the Office of the Sequestrator-General actual instruments of title, they shall, with a view to authenticating their application, provide the said Office with all particulars available to them for determining the precise location and boundaries of the land of which they were the owners, and in particular with all relevant information concerning the manner in which they acquired it. They shall be allowed for this purpose a period of six months from the entry into force of the Convention of 28 July 1966.

Article 10

For the purpose of the application of the provisions of article 3 of the Convention of 28 July 1966, the Office of the Sequestrator-General shall notify debtor agencies of the release of amounts still owed in compensation to each of the parties concerned, together with full particulars, in each case, of the amount to be credited to the beneficiary on each due date and of the agent, if any, authorized to receive payment.

Similar notification shall be sent to the parties concerned or to their agents. They shall receive payment at each due date, on presentation of the notification of release, in accordance with the contract of sale or assignment concluded between the Office of the Sequestrator and the debtor agency and without need for the submission of further supporting evidence.

Article 11

Persons who are French nationals on the date of entry into force of the Convention of 28 July 1966 but were not French nationals on 22 August 1958 may benefit from the provisions of the General Agreement of 22 August 1958 in so far as their

property, rights or interests were placed under sequestration, pursuant to Proclamation No. 5 of 1 November 1956, by reason of their being French protected persons.

The provisions of the Agreement concerning Transfers of the same date shall apply to such persons only if they established their permanent residence in France from the time of their departure from the United Arab Republic to the time of entry into force of the Convention of 28 July 1966.

The competent French authorities shall, where necessary, issue the required certificates to the persons concerned.

Article 12

Financial establishments other than Egyptian or French establishments shall be permitted to make use of the simplified procedure for the purpose of obtaining reconsignment of the property of their clients being French nationals and to benefit from the provisions of the Agreement of 5 November 1964 and of the Convention of 28 July 1966.

Such establishments must have sent the applications to their correspondents in the United Arab Republic not later than 90 days after the date of entry into force of the aforementioned Convention.

Article 13

Companies which were not incorporated under either Egyptian or French law but the majority of whose capital is held by French nationals may benefit, in respect of their property, rights and interests situated in the territory of the United Arab Republic and placed under sequestration pursuant to Proclamation No. 5 of 1 November 1956, from the provisions of the Agreements of 22 August 1958 and 5 November 1964 and of the Convention of 28 July 1966.

Such companies must have sent the necessary applications to the competent authorities of the United Arab Republic not later than 90 days after the date of entry into force of the Convention of 28 July 1966.

Article 14

The procedure for implementation of title II of the Convention of 28 July 1966 shall be the subject of an agreement to be concluded between the Bank of France and the Central Bank of Egypt and, as regards securities, between the competent authorities of the United Arab Republic and the Association Nationale des Porteurs Français de Valeurs Mobilières.

Done in duplicate at Paris, on 28 July 1966.

For the Government
of the French Republic :

Hervé ALPHAND

For the Government
of the United Arab Republic :

Ahmed Hassan EL-FEKKI

EXCHANGE OF LETTERS
ANNEXED TO THE CONVENTION

I

DELEGATION OF THE UNITED ARAB REPUBLIC

The Chairman

Paris, 28 July 1966

Sir,

With reference to article 12 of the Convention concerning the Settlement of Problems relating to the Assets of French Nationals in the Territory of the United Arab Republic, which we have signed today, I have the honour to confirm that the Government of the United Arab Republic will make payment to the credit of the special account referred to in the aforementioned article of 64 per cent of the compensation owed, pursuant to Act No. 72 of 1963, in respect of such of the shares of Société des Sucreries et de la Distillerie d'Égypte derived from the exchange of the stocks and shares of Société Générale des Sucreries et de la Raffinerie d'Égypte as were retained in France on 2 May 1956, being the date of promulgation of Act No. 196.

Accept, Sir, etc.

Ahmad Hassan EL-FEKKI

His Excellency Mr. Hervé Alphand
Ambassador of France
Secretary-General of the Ministry of Foreign Affairs
Paris

I, *a*

MINISTRY OF FOREIGN AFFAIRS

The Secretary-General

Paris, 28 July 1966

Sir,

I have the honour to acknowledge receipt of your letter of today's date, reading as follows :

[*See letter I*]

I confirm that my Government agrees to the foregoing.

Accept, Sir, etc.

Hervé ALPHAND

His Excellency Mr. Ahmad Hassam El-Fekki
Under-Secretary of State
in the Ministry of Foreign Affairs
Chairman of the Delegation
of the United Arab Republic
Paris

II

DELEGATION OF THE UNITED ARAB REPUBLIC

The Chairman

Paris, 28 July 1966

Sir,

On the occasion of our having today signed the Convention concerning the Settlement of Problems relating to the Assets of French Nationals in the Territory of the United Arab Republic, I have the honour to confirm that my Government agrees to the following :

The Government of the United Arab Republic will offer its good offices with nationalized Egyptian enterprises to the end that they should settle, on the due dates, the debts contracted by them towards French nationals and should place at the disposal of the latter any property or funds which they may have deposited with the said enterprises.

Accept, Sir, etc.

Ahmad Hassan EL-FEKKI

His Excellency Mr. Hervé Alphand
Ambassador of France
Secretary-General of the Ministry of Foreign Affairs
Paris

II, a

MINISTRY OF FOREIGN AFFAIRS

The Secretary-General

Paris, 28 July 1966

Sir,

I have the honour to acknowledge receipt of your letter of today's date, reading as follows :

[See letter II]

I confirm that my Government agrees to the foregoing.

Accept, Sir, etc.

Hervé ALPHAND

His Excellency Mr. Ahmad Hassan El-Fekki
Under-Secretary of State
in the Ministry of Foreign Affairs
Chairman of the Delegation
of the United Arab Republic
Paris