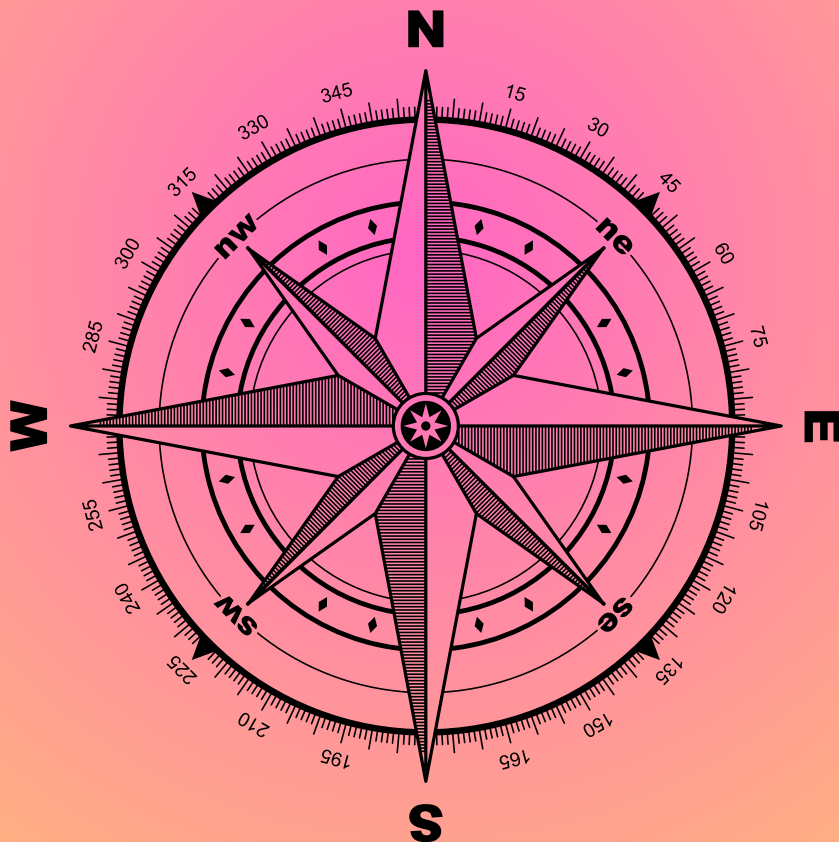




Centre for Trade and Investment Law

Investment Law **compass**



navigating through

GLOBAL INVESTMENT FRAMEWORK

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The Investment Law Compass is CTIL's monthly newsletter on the global investment framework and developments. Our vision is to inform professionals and policy makers on topics related to investment laws and treaty arbitration, thereby fostering informed decision-making.

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India-Israel Signs Bilateral Investment Treaty

India and Israel have taken a major step in deepening their economic partnership by signing a Bilateral Investment Agreement (The Agreement) in New Delhi on 8 September 2025, with Finance Ministers Nirmala Sitharaman and Bezalel Smotrich sealing the deal. The Agreement is designed to give investors stronger legal protection — including a guaranteed minimum standard of treatment and an independent arbitration mechanism — while guarding against expropriation and ensuring transparency, compensation, and smooth transfers of investments.

Importantly, it strikes a balance between investor rights and each country's regulatory space. The two sides highlighted their shared commitment to scaling up cooperation in fintech innovation, infrastructure, financial regulation, and digital payments. With current bilateral investments around USD 800 million, the agreement is expected to unlock much larger capital flows, reinforcing a resilient and predictable investment environment between the two nations.

Substantive Provisions of the Agreement

The India-Israel Bilateral Investment Treaty adopts a broad scope, covering all investments, both existing and future, made in accordance with the host State's domestic laws, without excluding pre-investment activities. It uses an asset-based definition of investment and offers an indicative, rather than exhaustive, list of assets such as shares, intellectual property rights, and movable and immovable property. Notably, the treaty does not carve out specific sectors or measures such as subsidies, government procurement, or taxation. While there is no standalone taxation exclusion, matters relating wholly or mainly to taxation fall outside the ambit of national treatment and MFN obligations. The treaty also applies across all levels of government, as it does not define or exclude state- or local-level authorities from its coverage.

On standards of protection, the treaty provides a bare formulation of Fair and Equitable Treatment (FET), simply requiring each Party to accord FET to covered investments and returns on investments, leaving interpretation to arbitral tribunals, which may rely on the customary international law minimum standard. The Agreement also provides substantive protection to investments of investors of the Party from expropriation, and also provides for compensation for expropriation necessary for public purpose.

For dispute settlement, the treaty includes an investor-state mechanism that encourages amicable settlement. Investors are also allowed to pursue claims before domestic courts or international conciliation. In the event that the disputing Parties fail to agree on the above dispute settlement mechanism, they can proceed to arbitration under ICSID (where applicable) or through ad hoc tribunals. A crucial aspect of the India-Israel BIT is that there is no requirement of exhausting local remedies as a precondition for initiating arbitration. This is a major divergence from India's recent BIT practice, such as the UAE BIT and Uzbekistan BIT, and also the India Model BIT.

Moreover, unlike some recent treaties such as those with the UAE and Uzbekistan, it does not include detailed provisions on arbitrator conduct, conflicts of interest, or transparency. The arbitral award is final, binding, and enforceable under host-State law. The treaty also incorporates a State-to-State dispute settlement mechanism for disputes concerning interpretation or application, requiring negotiations for at least six months before allowing either Party to refer the matter to an ad hoc arbitral panel.

CALL

FOR CONTRIBUTIONS

Are you passionate about international investment law and treaty arbitration? Do you have insights, analyses, or case studies that could enlighten our readers? Investment Law Compass invites you to contribute to our upcoming editions.

We are dedicated to creating a dynamic platform for professionals, scholars, and enthusiasts to share their knowledge and perspectives on the ever-evolving landscape of investment law. By contributing, you'll join a vibrant community of experts committed to fostering a deeper understanding of global investment frameworks.

Submission Guidelines:

- Contributions should focus on investment law, arbitration, policy analysis, or related areas.
- Articles should be between 500-800 words.
- Submissions must be original, well-researched, and properly cited.
- All submissions will undergo editorial review to ensure quality and relevance.

How to Submit: Send your articles to [compass_ctilnewsletter@iift.edu] with the subject line "Newsletter Contribution." Please include a brief bio in your email.

Let's navigate the intricate world of investment law together. We look forward to your insightful contributions.

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