India-Israel Bilateral Investment Agreement (BIA)

Prelims: *Current events of national and international importance | Bilateral Relations*

Why in News?

The Bilateral Investment Agreement (BIA) between India and Israel officially came into force recently.

Key Pillars

- **Investment Climate -** It establishes a legally binding framework aimed at creating a highly predictable, secure, and transparent environment for cross-border investments.
- **The Sovereign Balance**
  - **Investor Protection -** It extends robust legal safety nets to investors and their respective capital investments.
  - **Policy Flexibility -** Concurrently, it retains adequate sovereign policy space for both nations.
  - This ensures governments can enforce legitimate internal regulations to achieve public policy objectives without breaching international law.
- **Jurisprudential Alignment -** The text is structurally modelled on modern international investment law principles to minimise aggressive investor-state dispute liabilities while protecting genuine capital inflows.

Expected Impact on Bilateral Relations

- **Deepening Economic Ties -** It serves as a crucial regulatory precursor to upscale corporate ventures, technological cross-investment, and collaborative R&D infrastructure.
- **Cross-Border Capital Flows -** It is projected to significantly enhance strategic investment security in high-technology manufacturing, defence startups, water management, agricultural technologies, and cybersecurity sectors.

Reference

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