

A G R E E M E N T

Between the Government of the Russian Federation and the Government of the Republic of Cyprus Regarding the Promotion and Mutual Protection of Investments

THE GOVERNMENT OF THE RUSSIAN FEDERATION and the GOVERNMENT OF THE REPUBLIC OF CYPRUS hereinafter referred to as the Contracting Parties,

DESIRING to create favourable conditions for investments by investors of one Contracting Party in the territory of the other Contracting Party,

CONSIDERING that the promotion and mutual protection of investments shall contribute to the development of mutually beneficial trade and economic as well as scientific and technical cooperation,

HAVE AGREED AS FOLLOWS:

Article 1 Definitions

For the purposes of this Agreement:

1. The Term "investor" shall mean with regard to either Contracting Party any natural person who is a citizen of the Contracting Party and any legal person constituted or incorporated in accordance with the legislation of that Contracting Party and having its seat in its territory, provided that the natural person or the legal person is authorized in accordance with the legislation of the Contracting Party to make investments in the territory of the other Contracting Party.

2. The Term "investments" shall mean all kinds of assets invested by investors of one Contracting Party in the territory of the other Contracting Party in accordance with its legislation, in particular:

- movable and immovable property, as well as any rights in rem;
- financial assets as well as shares, deposits and other forms of participation;
- the rights of claim on financial assets invested to create economic value or on services having economic value;
- copyrights, rights on inventions, industrial samples, trademarks or service marks, brand names as well as technology and know-how;
- rights to carry out economic activities conferred by law or under contract including, in particular, the rights to explore, exploit and utilize natural resources.

Any change in the form in which assets are invested shall not affect their substance as investments provided that such a change is not contrary to the legislation of the Contracting Party in the territory of which investments are made.

3. The Term "revenues" shall mean sums obtained from investments as provided for in paragraph 2 of this Article, and includes profit, share of profit, dividends, interest, licence and commission fees, payments for technical assistance and technical maintenance and other remuneration payments.

4. The Term "territory" shall mean the territory of the Russian Federation or the territory of the Republic of Cyprus, and shall include their respective exclusive economic zone and continental shelf as defined by the international law.

Article 2

Promotion and Mutual Protection of Investments

1. Each Contracting Party shall encourage investors of the other Contracting Party to make investments in its territory and admit such investments in accordance with its legislation.

2. Each Contracting Party shall guarantee, in accordance with its legislation, full and unconditional legal protection of investments made by investors of the other Contracting Party.

Article 3

Treatment of Investments

1. Each Contracting Party shall ensure in its territory for the investments made by investors of the other Contracting Party and for the activities in connection with such investments, fair and equitable treatment which would exclude the use of discriminatory measures that might hinder management, maintenance, use, enjoyment or disposal of the investments.

2. The treatment referred to in paragraph 1 of this Article shall not be less favourable than that granted with regard to investments and activities in connection with investments by its own investors or investors of any third state.

3. Each Contracting Party shall reserve the right to make or maintain exceptions in accordance with its own legislation from the national treatment granted in accordance with paragraph 2 of this Article.

4. The most favoured nation treatment granted in accordance with paragraph 2 of this Article shall not apply to benefits that the Contracting Party is providing or will provide in the future:

- as a result of a common market, a free trade zone, a customs or economic union;
- under the agreements between the Russian Federation and the states, which had earlier formed the Union of Soviet Socialist Republics;
- on the basis of an agreement to avoid double taxation or other arrangements relating to taxation issues.

Article 4 Expropriation

Investments by investors of one Contracting Party made in the territory of the other Contracting Party shall not be expropriated, nationalized or subjected to measures equalling in terms of their consequences with expropriation or nationalization (hereinafter referred to as expropriation), except for cases when such measures are taken in the public interest and in accordance with the procedure established by law, are not discriminatory and are accompanied by prompt, adequate and effective compensation. The amount of compensation should correspond to the real value, which the expropriated investments had, immediately before the time when official information was obtained concerning actual or impending expropriation. Compensation shall be paid without undue delay in convertible currency. The amount of compensation shall carry interest from the date of expropriation until the date of payment, corresponding to the interest rate of the Contracting Party in the territory of which the investment was made.

Article 5 Compensation for Losses

If investments of investors of one Contracting Party suffer losses owing to armed conflict, a state of national emergency or other similar circumstances in the territory of the other Contracting Party, the latter Contracting Party shall accord treatment as regard restitution, indemnification, compensation or other settlement, not less favourable than that which it accords to investors of any third state.

Article 6 Transfer of Payments

1. Each Contracting Party shall guarantee to investors of the other Contracting Party, after they have paid appropriate taxes and charges, free transfer abroad of payments in connection with their investments, including:

- (a) revenues as defined in paragraph 3 of Article 1 of this Agreement;
- (b) amounts paid to redeem loans recognized by the Contracting Parties as investments;
- (c) amounts received by an investor in connection with partial or total liquidation or sale of investments;
- (d) compensation provided for in Articles 4 and 5 of this Agreement;
- (e) earnings of citizens of the other Contracting Party received for work in connection with the investments.

2. The transfer of payments provided for in paragraph 1 of this Article, shall be effected at the rate of exchange on the date of transfer, applied in accordance with the foreign exchange regulations of the Contracting Party in whose territory the investments have been made.

Article 7
Disputes between an Investor of One Contracting Party and the Other Contracting Party

1. Disputes between an investor of one Contracting Party and the other Contracting Party arising in connection with investment activities, including disputes over the size and conditions of and procedures for payment of compensation, shall, as far as possible, be settled through negotiations.

2. If a dispute is not settled through negotiations within six months from the time it arose, it may be referred for consideration, at the option of the investor, to:

(a) a competent court or arbitration tribunal of the Contracting Party in the territory of which the investments have been made; or

(b) the Arbitration Institution of the Stockholm Trade Chamber; or

(c) an ad hoc arbitration tribunal in accordance with the Arbitration Rules of the United Nations Commission on International Trade Law (UNCITRAL).

Article 8
Consultations

At the request of either Party the Contracting Parties may hold consultations on the issues concerning the interpretation or application of this Agreement.

Article 9
Disputes between the Contracting Parties

1. Disputes between the Contracting Parties with regard to the interpretation and application of this Agreement shall be settled through negotiations. If a dispute is not settled in such a way it shall be referred to an arbitration tribunal for consideration at the request of either Contracting Party.

2. The arbitration tribunal shall be established on a case-by-case basis. Each Contracting Party shall appoint one member of the tribunal and they shall jointly appoint a citizen of a third country to act as its Chairman. The members of the tribunal should be appointed within two months and the Chairman of the tribunal within three-months from the date on which one of the Contracting Parties has informed the other of its intention to refer a dispute for consideration to a tribunal.

3. If the time-limits specified in paragraph 2 of this Article are not complied with, each Contracting Party may, in the absence of any other agreement, request the President of the International Court of Justice to make the necessary appointments.

4. The arbitration tribunal shall make its decision by a majority of votes. Such a decision shall be binding. Each Contracting Party shall bear the costs relating to the activities of the member it has appointed on the tribunal; the costs relating to the activities of the Chairman of the tribunal as well as other costs relevant to the arbitration shall be covered by the Contracting

Parties in equal shares with regard to all other issues the arbitration tribunal shall determine its procedures independently.

Article 10
Application of the Agreement

This Agreement shall apply as from the date of its entry into force to all investments made by investors of one Contracting Party in the territory of the other Contracting Party since the 1st of January 1987.

Article 11
Entry into Force, Duration and Termination of the Agreement

1. This Agreement shall enter into force on the date of the last written notification, through the diplomatic channels, of the fulfilment by the Contracting Parties of all the necessary internal procedures.

2. This, Agreement shall be concluded for a ten-year period. It shall be automatically extended unless one of the Contracting Parties notifies the other Contracting Party in writing, at least six months in advance of its intention to terminate this Agreement.

3. Regarding the investments made prior to the date of termination of this Agreement the provisions of this Agreement shall continue to be effective for ten years following this date.

Done at Moscow, 11th April 1997, in duplicate in the Russian, Greek and English languages, all texts being equally authentic. In case of divergency in interpretation the English text shall be used.

For the Government of
the Russian Federation

For the Government of
the Republic of Cyprus