AGREEMENT BETWEEN THE GOVERNMENT OF THE RUSSIAN FEDERATION AND THE GOVERNMENT OF THE REPUBLIC OF MOLDOVA ON THE PROMOTION AND MUTUAL PROTECTION OF INVESTMENTS

The Russian Federation and the Government of the Republic of Moldova, hereinafter referred to as the Contracting Parties,

Developing the basic provisions of the Agreement on cooperation in the field of investment activity on December 24, 1993

Seeking to create favorable conditions for increasing investments of investors of one Contracting Party in the territory of the other Contracting Party,

Recognizing that the promotion and reciprocal protection of investments under this Agreement will contribute to the development

Mutually beneficial trade-economic and scientific-technical cooperation

Have agreed as follows:

Article 1. Definitions

For the purposes of this Agreement:

1. The term "investor" means in respect of each of the Contracting Parties:

a) any natural person who is a national of a Contracting Party and shall be entitled, in accordance with its law, to make investments in the territory of the other Contracting Party;

b) any legal entity established in accordance with the legislation of that Contracting Party, provided that as a legal person is entitled in accordance with the laws of its Contracting Party to make investments in the territory of the other Contracting Party.

2. The term "investments" covers all types of property and intellectual property, which is invested by the investor of one Contracting Party in the territory of the other Contracting Party in accordance with its legislation, and in particular:

a) movable and immovable property, and related property rights;

b) cash and shares, stocks and other forms of participation;

c) the right on cash requirements, which are invested to create economic value or services having an economic value associated with an investment;

d) exclusive rights to intellectual property (copyrights, inventions, industrial designs, utility models, trademarks or service marks, trade names, technology, information having a commercial value, and know-how);

e) the right to carry out business activities conferred by law or contract, including, in particular, the right to exploration, development and exploitation of natural resources.

No change in the form in which assets are invested or reinvested shall not affect their character as investments provided that such change is not contrary to the laws of the Contracting Party in whose territory the investments were made.

3. The term "returns" means amounts yielded by an investment in accordance with paragraph 2 of this article, and includes, in particular: profits, dividends, interest, royalties and fees, and other fees.

4. The term "territory" means the territory of the Russian Federation and the Republic of Moldova in respect of the Russian Federation also includes its exclusive economic zone and continental shelf.

5. The term "legislation of a Contracting Party" means the law of the State of the Contracting Party in respect of both Contracting Parties.

Article 2. Promotion and 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 ensure, in accordance with its legislation full and unconditional legal protection to investments of investors of the other Contracting Party.

Article 3. Investment Regime

1. Each Contracting Party shall ensure in its territory investments made by investors of the other Contracting Party, and activities in connection with such investments fair and equitable treatment, excludes the application of discriminatory measures that would impede the management and disposal of investments.

2. According to in paragraph 1 of this Article, a Contracting Party shall not grant less favorable than that provided to investments and activities in connection with the investments of its own investors or investors of any third state.

3. Each Contracting Party reserves the right to determine the sectors and spheres of activity, which exclude or restrict the activities of foreign investors.

4. Most-favored-nation treatment granted in accordance with paragraph 2 of this Article shall not apply to the advantages which the Contracting Party is providing or will provide in the future:

a) in connection with participation in a free trade area, customs or economic union;

b) on the basis of agreements to avoid double taxation or other agreements on taxation.

Article 4. Key Personnel

1. The Contracting Party in accordance with its law relating to the entry, stay and work of natural persons who are not its citizens, permit natural persons who are investors of the other Contracting Party and key personnel employed by legal persons of that Contracting Party to enter and remain in its territory for the purpose of carrying out activities in connection with the investments

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2. The Contracting Party in accordance with its laws permit investors of the other Contracting Party, carried out the investments in the territory of the first Contracting Party to employ any key person of their choice, regardless of nationality, provided that such key person has received authorization to entry, stay and work in the territory of the former Contracting Party and that the work complies with the conditions and time limits of such a key person permission.

Article 5. Openness and Accessibility of Laws

Each Contracting Party shall, in order to facilitate the understanding of its laws, relating to, or involving investments undertaken by investors of the other Contracting Party in its territory, ensure openness and accessibility of such laws.

Article 6. Expropriation

1. Investments of investors of either Contracting Party made in the territory of another Contracting Party shall not be expropriated, nationalized or subjected to measures equal for expropriation (hereinafter referred to as - expropriation) except in cases where such measures are taken in the public interest in accordance with legislation They are not discriminatory and are accompanied by payment of prompt, adequate and effective compensation.

2. The compensation shall correspond to the real value of the expropriated investment immediately before the date, when officially it became aware of an actual or impending expropriation. Compensation will be paid without unreasonable delay in freely convertible currency and freely transferable from the territory of one Contracting Party in the territory of the other Contracting Party. Until the payment of the amount of compensation will bear interest according to the interest rate of the Contracting Party in whose territory the investments were made.

3. Confiscation and seizure may be carried out only in cases and in the manner prescribed by law of the Contracting Party in which they are produced.

Article 7. Damages

1. Investors of one Contracting Party, whose investments suffer losses in the territory of the other Contracting Party due to war, civil unrest or other similar activities, it will be granted a treatment no less favorable than that which the latter Contracting Party shall accord to investors of any third country in respect of any measures taken by it in connection with such damage.

Article 8. Transfer of Payments

1. Each Contracting Party shall guarantee to investors of the other Contracting Party, after fulfillment of all tax obligations, a free transfer abroad of payments in connection with the investments, and in particular:

a) the amounts of the initial capital and additional amounts to maintain and increase investments;

b) income;

c) the amounts in repayment of loans, recognized by both Contracting Parties as investments;

d) the sums received by the investor in connection with the partial or total liquidation or sale of investments;

e) the compensation provided for in Article 6 of this Agreement;

f) wages and other remuneration received by investors and key personnel of the other Contracting Party who are allowed to work in connection with investments in the territory of the first Contracting Party.

2. Transfers of payments will be made without delay in freely convertible currency at the exchange rate applicable on the date of transfer in accordance with the currency regulations of the Contracting Party in whose territory investments were made.

Article 9. Subrogation

1. The Contracting Party or its designated agency, which will make the payment to the investor on the basis of assurances from non-commercial risks in connection with an investment in the territory of the other Contracting Party will be able to exercise by subrogation the right of the investor to the same extent as the investor. These rights will be exercised in accordance with the legislation of the latter Contracting Party.

Article 10. Settlement of Disputes between a Contracting Party and an Investor of the other Contracting Party

1. Any dispute between one Contracting Party and an investor of the other Contracting Party, which arose in connection with an investment, including disputes relating to the size, conditions, or order the payment of compensation laid down in Article 6 of this Agreement, or order the payment of compensation laid down in Article 8 of this Agreement, will be the subject of written notification, accompanied by a detailed commentary, which will direct the investor to the Contracting Party involved in the dispute. The parties to the dispute will endeavor to resolve such dispute amicably as possible.

2. If so the dispute is not resolved within six months from the date of written notification referred to in paragraph 1 of this article, it will be forwarded for consideration to:

a) the competent court or tribunal of the Contracting Party in whose territory the investments were made;

b) The Arbitration Institute of the Stockholm Chamber;

c) An "ad hoc" arbitral tribunal, in accordance with the Regulations of the United Nations Commission on International Trade Law (UNCITRAL).

3. The arbitration award shall be final and binding on both parties to the dispute. Each Contracting Party shall cause such decision to be executed in accordance with its legislation.

Article 11. Settlement of Disputes between the Contracting Parties

1. Disputes between the Contracting Parties concerning the interpretation or application of this Agreement shall be resolved through negotiations.

2. If so the dispute is not resolved, then at the request of either Contracting Party, it shall be referred to the arbitral tribunal.

3. Such an arbitral tribunal shall be established for each individual case as follows. Each Contracting Party shall appoint one member of the arbitration tribunal within two months from the date of receipt of the notification of the arbitration proceedings. Then, these two members shall elect a national of a third State who, with the consent of both Contracting Parties shall be appointed Chairman of the Court within one month from the date of appointment of the other two members.

4. If within the periods specified in paragraph 3 of this Article, the necessary appointments have been made, in the absence of any other agreement, either Contracting Party may request the International Court of Justice to make the necessary appointment. If the President of the International Court of Justice is a national of either Contracting Party or is otherwise unable to discharge the said function, make the necessary appointments will be offered to the Vice-President of the International Court of Justice. If the Vice-President of the International Court of Justice is also a national of either Contracting Party or is otherwise unable to discharge the said function, the member next in seniority of the International Court of Justice who is not a national of either Contracting Party, shall make the necessary appointments will

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5. The arbitral tribunal shall render its decision by majority vote. This decision will be final and binding on both Contracting Parties. Each Contracting Party shall bear the expenses related to the activities of its own member of the court and its representation in the arbitration proceedings; costs associated with the chairman of the court activity, and other expenses will be borne by the Contracting Parties in equal shares. However, the Court may in its decision that one of the Contracting Parties will carry most of the costs, and the decision will be binding on both Contracting Parties. The arbitral tribunal shall determine its own procedure.

Article 12. Consultations

The Contracting Parties shall at the request of any of them, shall hold consultations on matters relating to the interpretation or application of this Agreement.

Article 13. Application of the Agreement

This Agreement shall apply to all investments made by investors of either Contracting Party in the territory of the other Contracting Party since 1 January 1992.

Article 14. Entry Into Force and Duration of the Agreement

1. Each Contracting Party shall notify the other Contracting Party of the completion of internal procedures necessary for the entry into force of this Agreement. This Agreement shall enter into force from the date of receipt of the last of the two notifications.

2. This Agreement shall remain in force for fifteen years. After this period, it shall remain in force until the expiration of twelve months from the date when one of the Contracting Parties shall notify the other Contracting Party of its intention to terminate this Agreement.

3. This Agreement may be amended by mutual written consent of the Contracting Parties. Any amendment shall enter into force after each Contracting Party shall notify the other Contracting Party of the completion of internal procedures necessary for the entry into force of such amendment.

4. With respect to investments made prior to the date of termination of this Agreement and covered by its action, the provisions of all other provisions of this Agreement shall remain in force for a period of fifteen years from that date.

Done in Moscow on March 17, 1998, in two copies, each in the Russian and Moldovan languages, both texts being equally authentic.

(Signatures)