Agreement between the Government of the Italian Republic and the Government of Ukraine on the Promotion and Protection of Investments

The Government of the Italian Republic and the Government of Ukraine, hereafter referred to as Contracting Parties,

Wishing to create favorable conditions for greater economic cooperation between the two countries, and in particular for capital investments made by investors of a Contracting Party in the territory of the other Contracting Party and recognizing that the promotion and mutual protection of such investments, On international agreements, will help stimulate entrepreneurial initiatives to foster the prosperity of both countries, have agreed on the following:

Article 1. Definitions

For the purposes of this Agreement:

1. "Investment" means any asset invested, either before or after the entry into force of this Agreement, by natural or legal persons of a Contracting Party in the territory of the other Contracting Party, in accordance with laws, regulations and practices Administrative authorities of the latter. The term "investment" will comprise in particular but not exclusively:

a) Mobile and motionless goods, nonche 'each other right of proprieta' "in rem", which pegni, vincoli and mortgages;

b) Equity securities, bonds, quotas of participation or any other form of participation in companies and each other title of credit, nonche 'titles of state;

c) Financial credits or other income with economic value deriving from investments, nonche 'profits reinvested and useful of capitals;

d) Copyright, trade marks, patents, industrial designs and other intellectual and industrial property rights, know-how, commercial secrets, trade names and start-ups;

e) Any right of economic nature deriving from law or by contract, nonche 'each license and concesión rilasciated in conformita' to the valid disposals for the exercise of attivita 'cheap, comprised those of prospecting, cultivation, extraction and exploitation of natural resources;

f) Any increase in the value of the original investment. Any modification of the form of the investment does not imply a change in its substance.

2. "Investor" means any natural or legal person of a Contracting Party which carries out, directly or through its affiliates, investments in the territory of the other Contracting Party.

3. "Natural person" means, with reference to each of the two Contracting Parties, any natural person who, by law, has the nationality of that State in accordance with its laws.

4. . "Legal person" means, with reference to each of the two Contracting Parties, any entity constituted or duly structured in accordance with the laws of one of the Contracting Parties having its head office in the territory of one of the two Contracting Parties and recognized by it.

5 "Income" means the sums earned by an investment;

They include, in particular, but not limited to, profits or interests, capital gains, dividends, royalties or other fees and charges, irrespective of whether they are in cash or in kind.

6. "Territory" means, in addition to the areas enclosed within land borders, also "maritime areas". The latter also include 'marine and submarine areas on which the Contracting Parties exercise their sovereignty, as well as sovereign and judicial

rights, according to international law.

7. "Investment agreement" means an agreement between a Contracting Party (its agencies or its representatives) and an investor of the other Contracting Party in respect of investment.

8. "Right of access" means the right of the investor of one of the two contracting parties to be permitted to make investments in the territory of the other Contracting Party.

Article 2. Promotion and Protection of Investment

1. The two Contracting Parties shall encourage investors from the other Contracting Party to make investments in their territory in accordance with their laws and regulations.

2. Investors of one of the two Contracting Parties shall have the right to access the investment activities in the territory of the other Contracting Party, no less favorable than that granted under Article 3.1, in accordance with the latter's legislation. 3.1, in accordance with the legislation of the latter.

3. Each Contracting Party shall ensure at all times fair and equitable treatment of investments made by investors of the other Contracting Party. Each Contracting Party shall ensure that the management, maintenance, use, processing, enjoyment or transfer of investments made in its territory by investors of the other Contracting Party, as well as legal persons, in particular but not exclusively, The companies and the companies in which those investments have been made are in no way subject to unjustified or discriminatory measures.

4. Each Contracting Party shall endeavor to create and maintain in its territory such favorable economic and legal conditions as to permit investment by investors of the other Contracting Party in accordance with its own legislation, including compliance with good faith , Of all commitments undertaken with respect to each specific investor.

Article 3. National Treatment and the Most Favored Nation Clause

1. The two Contracting Parties shall, within their territories, accord investment and the income of the investors of the other Contracting Party no less favorable treatment than that invested and the income of their own investors or those of third countries.

2. Where existing or future obligations in force for one of the two Contracting Parties contain rules, whether specific or general, that authorize investments made by investors of the other Contracting Party to enjoy a more favorable treatment than Granted by this Agreement, these rules shall, to the extent that they are more favorable, prevail over this Agreement.

3. The provisions of paragraphs 1 and 2 of this Article shall not refer to the advantages and privileges which a Contracting Party may grant to third-country investors in the form of its membership of customs or economic unions, a common market, A free trade area, a regional or sub-regional agreement, an international multilateral economic agreement, or agreements entered into with a view to avoiding double taxation or facilitating cross-border trade. Paragraphs 1 and 2 of this Article do not refer to the advantages And the privileges that a Contracting Party may grant to third country investors in the form of its membership of customs or economic unions, a common market, a free trade area, a regional or sub-regional An international multilateral economic agreement, or agreements entered into with a view to avoiding double taxation or facilitating cross-border trade.

Article 4. Compensation for Damage or Loss

1. Where investors in either Contracting Party suffer losses or damage to their investments in the territory of the other Contracting Party due to wars or other types of armed conflicts, emergency states, civil wars or other similar events, the Contracting Party In which the investment was carried out, shall be required to provide adequate compensation for such damages and losses, irrespective of whether or not they were caused by governmental forces. The related payments must be freely transferable without undue delay.

Investors concerned shall enjoy a similar treatment to that granted to nationals of the other Contracting Party and in any case not less favorable than that accorded to third-country investors.

Article 5. Expropriation

1. Investment of investors in either of the two Contracting Parties shall not be subject to de jure or de facto expropriation or to measures having effects similar to nationalization or expropriation (hereinafter referred to as "expropriation") in the

territory of 'Other Contracting Party, except for public purposes and of national interest.

The expropriation must be carried out by law on a non-discriminatory and immediate basis, adequate and effective compensation.

This compensation will be equivalent to the market value of the expropriated investment immediately before the expropriation decision has been announced.

The exchange rate applicable to such compensation shall be the one prevailing on the date immediately preceding the expiration date of the expropriation decision.

Compensation must include interest calculated on the basis of libor matured from the date of expropriation on the date of payment, must be made without delay and at most within three months must be effectively executable and freely transferable in convertible currency.

2. In the absence of an understanding between the host contracting party and the investor about the compensation body, the latter should be based on the same reference parameters as are considered in the investment investment documents.

3. The provisions of this Article shall also apply in cases where one of the two contracting parties expropriates the assets of a company formed or constituted under the legislation in force in its territory and of which investors of the other Contracting Party have shares.

If the object of the expropriation is a legal entity jointly constituted by Ukrainian and Italian investors, the investor's share valuation will be in the investment currency not less than the original value, to which the Capital increases and revaluation of capital, unallocated profits and reserve funds, and deducted the value of reductions and capital losses.

4. The investor of one of the two Contracting Parties claiming that all or part of his investment has been expropriated shall have the right to an immediate review by the competent judicial or administrative authorities of the other Contracting Party in order to determine whether Whether the measure has occurred or not, and if so, whether that measure and the compensation thereof are in conformity with the provisions of this Agreement and the principles of international law and in deciding on all other related matters.

5. Compensation will be considered effective if it has been paid in the same currency as the foreign investor made the investment, to the extent that the currency is or remains convertible or otherwise in any other currency accepted by the investor . The compensation will be freely transferable.

6. The provisions of this Article shall also apply to investment profits and, in the case of disposal, to the proceeds of the liquidation.

7. . Where after the deprivation of the property determined by the expropriation, the goods in question have not been used, in whole or in part, for that purpose, the owner or his attorney are authorized to repurchase the goods at market price.

Article 6. Repatriation of Capital, Profits and Investment Profits

1. Each Contracting Party shall guarantee that investors of the other Contracting Party may, without undue delay, transfer sums of investment in any convertible currency abroad. Such transfers shall include, but are not limited to:

a) Additional capital and capital, including reinvested earnings, used to maintain and increase an investment;

b) Net profits, dividends, royalties, quotas, interests and other profits;

c) Income from total or partial sale or total or partial liquidation of an investment;

d) Remuneration and benefits paid to nationals of the other Contracting Party for activities and services rendered in connection with an investment made in the territory of the other Contracting Party, to the extent and in the manner prescribed by national law and the regulations in force.

2. Each Contracting Party undertakes to grant to investors of the other Contracting Party the conditions for transferring abroad, without undue delay, in any convertible currency, the funds to repay loans taken in connection with an investment and the payment of its interest .

3. Without limiting the scope of the provisions of Article 3 of this Agreement, the Contracting Parties undertake to grant the transfers referred to in paragraph 1 of this Article the same favorable treatment accorded to investments made by third-country investors, More favorable. Article 3 of this Agreement stipulates that the Contracting Parties undertake to grant the

transfers referred to in paragraph 1 of this Article the same favorable treatment accorded to investments made by third-country investors in the event that it is more favorable.

Article 7. Subrogation

1. In the event that a Contracting Party or its entity has provided an insurance against non-commercial risks for investments made by one of its investors in the territory of the other Contracting Party and has made payments to such investors on the basis of that Insurance contract, the other contracting party will have to recognize the transfer of the investor's rights to the first contracting party or its entity.

Article 8. Transfer Procedures

1. The transfers referred to in Articles 4, 5, 6 and 7 shall be made without undue delay and in any event within six months of the fulfillment of all tax obligations and shall be made in convertible currency. All transfers shall be made at the exchange rate prevailing on the market applicable on the date on which the investor has applied for, with the exception of the provisions of Article 5 (3) of the exchange rate applicable in the case of one of the Referred to in paragraph 2 of Article 5. Article 4, 5, 6 and 7 shall be made without undue delay and in any event within six months of the fulfillment of all tax obligations and shall be made in convertible currency. All transfers shall be made at the exchange rate prevailing on the market applicable on the date on which the investor has applied for, with the exception of the provisions of Article 5 (3) of the exchange rate applicable in the case of one of the Referred to in paragraph 2 of Article 5.

2. The tax obligations referred to in the preceding paragraph shall be deemed to be fulfilled when the investor has completed the procedures provided for by the law of the Contracting Party in whose territory the investment was made.

Article 9. Composition of Investment Disputes

1. All disputes between a Contracting Party and investors of the other Contracting Party concerning investments, including those relating to the amount of compensation, shall, as far as possible, be composed in a friendly manner.

2. If the investor and one of the two contracting parties have entered into an investment agreement, the procedure laid down in that investment agreement shall apply.

3. Where such disputes can not be settled amicably within six months of the date on which a written request for membership has been made, the investor concerned may, at his option, submit the dispute:

(a) To the competent court of the Contracting Party having jurisdiction to decide;

(b) To an arbitral tribunal "ad hoc" in accordance with the United Nations Arbitration Rules on International Trade Law (Uncitral). The hosting Contracting Party undertakes to accept such arbitration;

(c) To the "International Settlement of Investment Disputes" for the application of the arbitration procedures provided for in the Washington Convention of 18 March 1965 on the settlement of investment disputes between States and citizens of other States, Or as soon as the Contracting Parties have acceded to you.

4. No Contracting Party shall, through diplomatic channels, negotiate any matter referred to an arbitration or judicial proceeding pending the completion of those proceedings and until the Contracting Party has complied with the decision of the arbitral tribunal within the prescribed time limits By decision or within the time limits which may be determined on the basis of the provisions of national or international law applicable to the present case.

Article 10. Composition of Disputes between Contracting Parties

1. Any disputes arising between the Contracting Parties concerning the interpretation or application of this Agreement shall, as far as possible, be composed amicably through diplomatic channels.

2. Where such disputes can not be resolved within six months of the date on which a Contracting Party notifies the other in writing, they shall, at the request of one of the two Contracting Parties, be submitted to an arbitral tribunal "ad hoc" To the provisions of this Article.

3. The arbitral tribunal shall be constituted in the following manner: within two months of receipt of the request for arbitration, each Contracting Party shall appoint a member of the tribunal. The two members will then have to designate a third-country national who has to act as president. The chairman shall be appointed within three months of the nomination

of the other two members.

4. If, within the time limit referred to in paragraph 3 of this Article, appointments have not been made, each Contracting Party may, in the absence of other arrangements, request the President of the International Court of Justice to appoint. If the court president is a citizen of one of the two contracting parties or otherwise can not perform the assignment, he or she should be asked to do so by the vice-president of the court. Even if the vice-president of the court is a citizen of one of the two contracting parties or otherwise can not perform the job, he will be the oldest member of the International Court of Justice who is not a citizen of both parties to proceed To the designation, paragraph 3 of this Article, appointments have not been made, each Contracting Party may, in the absence of other arrangements, request the President of the International Court of Justice to appoint. If the court president is a citizen of one of the two contracting parties, or otherwise can not perform the assignment, he must be asked to do so by the court's vice-president. Even if the vice-president of the court is a citizen of one of the two contracting parties or otherwise can not perform the job, he will be the oldest member of the International Court of Justice who is not a citizen of both parties to proceed To designation.

5. . The arbitral tribunal shall decide by majority. Its decisions are binding. Each Contracting Party shall bear the costs incurred by its member of the tribunal and its representatives in the hearings. The costs of the president and the remaining costs will be borne equally by the contracting parties. The arbitral tribunal will determine its own procedures.

Article 11. Application of other Provisions

1. Where a matter is governed both by this Agreement and by other international agreements to which both Contracting Parties have acceded, or by general principles of international law, the most favorable provisions shall be applied to the Contracting Parties and their investors.

2. Whenever the treatment granted by one of the two contracting parties to the investors of the other Contracting Party in accordance with their laws and regulations or other provisions or a specific contract or investment authorization or an investment agreement, Is more favorable than that laid down in this Agreement, the most favorable treatment should be applied.

3. Whenever, after the date on which the investment was made, there is a change in the terms of protection afforded to investment in the law of the Contracting Party in whose territory the investment was made, the protection afforded under the previous legislation does not Will be 'stuck.

Article 12. Entry Into Force

This Agreement shall enter into force as soon as the two Contracting Parties have been notified of the completion of their respective internal procedures.

Article 13. Amendments

Amendments to the provisions of this Agreement may be agreed between the two Contracting Parties. Those amendments shall become effective from the date on which the Contracting Parties have been notified of the completion of their national procedures for their entry into force.

Article 14. Duration and Cessation

1. This Agreement shall remain in force for ten years from the date of notification under Article 12 and shall remain in force for a further period of five years, unless one of the two Contracting Parties denies it denounce it within one year of its expiry. Article 12 and shall remain in force for a further period of five years, unless one of the two Contracting Parties denies it denounce it within one year of its expiry.

2. For investments made before the expiry date, in accordance with paragraph 1 of this Article, the provisions of Articles 1 to 11 shall remain in force for a further period of five years from the dates mentioned above. Paragraph 1 of this Article , The provisions of Articles 1 to 11 shall remain in force for a further period of five years from the above dates.

Done at Rome, two thousand nine hundred and ninety-five, in two originals, in the Italian, Ukrainian and English languages, all texts being equally authentic.

In case of divergence, the English text will be faithful.

For the Government of the Italian Republic

(signature)

For the Government of Ukraine

(signature)