

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

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

Wishing to create favorable conditions for investment by investors of a Contracting Party in the territory of the other Contracting Party, taking into account that the promotion and mutual protection of such investments will contribute to the development of economic-trade and technical-scientific cooperation on a reciprocal basis Beneficial, and will stimulate entrepreneurial initiative in the investment sector,

Have agreed as follows:

Article 1. Definitions

For the purposes of this Agreement:

1. "Investment" means any asset invested by an investor of a Contracting Party in the territory of the other Contracting Party, in accordance with its legislation, irrespective of the legal form it chooses. This term specifies but not exclusively: movable property and Real estate, as well as any other property right in rem, such as pledge, collateral, mortgage, shares, bonds, and other securities, as well as deposits and other forms of participation, financial claims or any other right for the service of economic value; Including in particular copyright and industrial property rights such as patent rights, trade marks, industrial designs, commercial appeals, as well as know-how, commercial secrets and business start-ups, rights to exercise the business Entrepreneurs, conferred by law, by contract or on the basis of any license, and concessioner in accordance with the law, including the right to prospect, cultivate, extract or exploit natural resources. Movable and immovable property, as well as any other property right in rem, such as pledge, collateral, mortgage; Shares, bonds, and other securities, as well as deposits and other forms of participation; Financial claims or any other right for the service of economic value; Intellectual property rights, including in particular copyright and industrial property rights such as patent rights, trade marks, industrial design, commercial property, as well as know-how, commercial secrets and commercial start-ups; Rights for the exercise of business activities, conferred by law, by contract or on the basis of any license, and concessionaires issued in accordance with the law, including the right to prospect, cultivate, extract or exploit natural resources;

2. "Investor" means a natural or legal person of each Contracting Party who has the power, in accordance with its law, to make investments in the territory of the other Contracting Party.

"Natural person" means a natural person who is a national of a Contracting Party, in accordance with its law.

"Legal person" means a company and / or its affiliated company, a company, a company or any other entity having its registered office in the territory of a Contracting Party and recognized as a legal person in accordance with its law, independent of the fact That its liability is limited or not.

3. "Income" means the sums received from an investment, including in particular profits, interest income, capital gains, dividends, royalties, technical assistance and technical fees, and any payments in kind.

4. "Territory" means the territory of the Republic of Italy or the territory of the Russian Federation, the maritime areas adjacent to the external borders of the territorial sea of any of the territories referred to above, on which the corresponding State exercises sovereign rights and jurisdiction under international law . The territory of the Italian Republic or the territory of the Russian Federation; The maritime areas adjacent to the external territorial boundaries of each of the territories referred to above, on which the corresponding State exercises sovereign rights and jurisdiction under international law.

5. "Investment related activities" means, inter alia, the organization, control, management, maintenance and availability of companies, branches, agencies, offices or other structures for business purposes; The obtaining of registrations, licenses, permits and other approvals necessary for the conduct of business; The acquisition, use, and availability of any kind of property, including intellectual property, and its protection; Access to the financial market, in particular the lending of financial means, the purchase, sale and issue of shares and other securities as well as the purchase of foreign currency for imports necessary for the conduct of business activities; The marketing of goods and services; The supply and sale on the internal and international markets of goods, including raw materials, semi-finished products, fuels and energy, and means of production, as well as their transport; The dissemination of commercial information.

6. "Investment agreement" means an agreement between a Contracting Party and an investor of the other Contracting Party relating to an investment.

Article 2. Mutual Investment Promotion and Protection

1. Each Contracting Party shall encourage investors from the other Contracting Party to make investments in its territory and shall allow it. Such investments in accordance with their own legislation.

2. Each Contracting Party shall ensure fair and equitable treatment of investments made in its territory by the investors of the other Contracting Party, shall maintain favorable economic and legal conditions for them and shall refrain from adopting unjustified or discriminatory measures which could lead to Maintenance, use, sale, transformation or liquidation of the investment. Such investments will ensure full protection and security.

3. In the case of reinvestment of profits from an investment or increase in invested capital, such reinvestment or increase will enjoy the same protection and treatment as initial investment.

4. Each Contracting Party or its designated agency may conclude with the investor of the other Contracting Party an investment agreement which will govern the specific legal relationship relating to the investment of the investor concerned.

5. Each Contracting Party shall, in accordance with its legislation, allow investors of the other Contracting Party who have made investments in their territory to employ managerial staff of their choice irrespective of their nationality.

6. Citizens of a Contracting Party who are authorized to operate in the territory of the other Contracting Party in respect of investments falling within the scope of this Agreement shall be guaranteed appropriate conditions for the pursuit of their professional activity, in accordance with the legislation of Last Contracting Party.

7. Each Contracting Party shall, in accordance with its legislation concerning the entry and residence of aliens, allow citizens of the other Contracting Party to engage in work related to an investment governed by this Agreement and their family members to enter its territory, Stay there and leave it.

Article 3. Investment Treatment

1. The treatment referred to in paragraph 2 of Article 2 of this Agreement shall be at least as favorable as that guaranteed by the investments made by investors of any third State.

2. Each Contracting Party shall accord, in accordance with its legislation, to investments made in its territory by investors of the other Contracting Party no less favorable than those reserved for investments made by its own investors.

3. The most favored nation treatment granted in accordance with the provisions of this Article shall not be extended to the benefits and privileges that a Contracting Party recognizes or recognizes in the future as a result of:

- Its participation in areas of free trade, customs or economic unions;
- Agreements between the Russian Federation and the States that formed the former Union of Soviet Socialist Republics in the field of economic cooperation;
- Agreements to avoid double taxation or other arrangements on taxation matters;
- Agreements to facilitate cross-border trade.

4. The provisions of this Article shall also apply to activities related to an investment.

Article 4. Compensation for Losses

Where investors in either of the two Contracting Parties suffer losses in respect of investments made by them in the territory of the other Contracting Party due to wars or other armed conflicts, emergency states or similar events, the latter Contracting Party shall provide such watchmakers, in accordance with its own legislation, the same treatment provided for its own investors and in any case a treatment no less favorable than that accorded to investors of any third country. Payments, foreseen for reimbursement, will be freely transferable.

Article 5. Expropriation

1. Investments of investors of one of the Contracting Parties shall not, in the territory of the other Contracting Party, be de jure or de facto, wholly or partially, to nationalization, expropriation, or any measure having similar effects (referred to in Followed by "expropriation"), except for public purposes or for reasons of national interest and against timely, adequate and effective compensation and provided that such measures are taken on a non-discriminatory basis and in accordance with the procedures established by law.

2. The compensation provided for in paragraph 1 of this Article shall be equivalent to the market value of the expropriated investment on the date immediately preceding the date on which the expropriation was made or in which the expropriation decision was officially announced. In the case where an expropriation is a mixed company constituted in the territory of one of the Contracting Parties, the compensation payable to the investor of the other Contracting Party shall be calculated taking into account the investor's participation in the mixed company in accordance with The constitutive documents of the latter.

3. Compensation will be paid without undue delay and in any case within three months of the date on which the amount of compensation has been determined. Compensation will be added to the interest from the expiration date until the date of payment, calculated at the official discount rate set by the central bank of the Contracting Party in whose territory the investment was made.

4. Compensation will be paid in currency freely convertible at the market rate applicable on the date immediately preceding the date on which the expropriation was effected or where the expropriation decision was officially announced. Such compensation will be freely transferable.

5. In view of the provisions of Article 9 of this Agreement, the investor of one of the two Contracting Parties who denounces that all or part of his investment has been expropriated shall have the right to timely examine such complaint by the competent judicial or Administrative authorities of the other Contracting Party in order to determine whether the expropriation took place and, in a positive case, whether such expropriation and any compensation would be in accordance with the principles of international law and in order to decide on all other matters It is connected.

6. The provisions of this Article shall also apply to all types of profits, and, in the event of the winding-up of the investment, to the income deriving from it from the investor.

Article 6. Transfer of Funds Related to Investments

1. Each of the Contracting Parties guarantees that investors of the other Contracting Party may transfer without any impediment abroad:

- a) Initial capital and additional quotas for the maintenance and increase of the investment;
- b) Any income;
- c) Sums deriving from the total or partial sale or liquidation of an investment;
- d) Sums for repayment of loans relating to an investment;
- e) Remuneration and other benefits paid by nationals of the other Contracting Party for paid employment and services provided in the performance of an investment made in its territory, to the extent and in accordance with the procedures laid down by its own legislation.

2. In view of Article 3 of this Agreement, the Contracting Parties undertake to accord to the most favored nation treatment the transfers referred to in paragraph 1 of this Article.

Article 7. Subrogation

1. In the event that a Contracting Party or an institution designated by it has given a hindrance to non-commercial risks for an investment made by its investor in the territory of the other Contracting Party and has made payments to that investor

on the basis of that guarantee, The last Contracting Party shall recognize the surrogate of the investor's rights to the first Contracting Party.

2. For the transfer of payments to be made to the Contracting Party or institution designated by you pursuant to such a surrogate, the provisions of Articles 4, 5 and 6 of this Agreement shall apply.

Article 8. How to Transfer Funds

The transfer of funds referred to in Articles 4, 6 and 7 of this Agreement shall be effected without undue delay after the investor has fulfilled all his tax obligations in accordance with the procedures laid down by the law of the Contracting Party in whose territory the investment was made. Such transfer will be made in convertible currency.

The convertible currency conversion of the amounts to be transferred will be effected at the market rate applicable at the date of the investor's request; Where this is not possible, at the exchange rate applicable on the date agreed between the bank and the investor.

Article 9. Disputes between a Contracting Party and an Investor of the other Contracting Party

1. Any dispute that may arise between a Contracting Party and an investor of the other Contracting Party regarding investments, including those on the amount of compensation, shall, as far as possible, be composed in a friendly manner.

2. If this dispute has not been resolved amicably within six months of the date of the written request for settlement, it may be submitted, at the choice of the investor, to the examination of:

- A competent court or arbitral tribunal of the Contracting Party in whose territory the investment was made;
- An ad hoc Arbitral Tribunal established in accordance with the United Nations Commission on International Commercial Law (UNCITRAL) Arbitration;
- Any other international arbitration forum agreed by the parties concerned.

3. Where the dispute has been referred to the Arbitral Tribunal provided for in point 2 (b) of this Article, the following provisions shall apply:

- The Arbitral Tribunal shall be composed of three arbitrators;
- The President of the Stockholm Chamber of Arbitration Institute shall act as the competent authority in charge of the appointment;
- The seat of the arbitration will be Stockholm unless otherwise agreed between the parties;
- The Arbitral Tribunal shall decide on the basis of the provisions of this Agreement and of the principles commonly recognized by international law.

4. If an investment agreement has been concluded, the dispute settlement procedures provided for in that agreement will be applied;

Article 10. Dispute Settlement between the Contracting Parties

1. Any dispute between the Contracting Parties on the interpretation and application of this Agreement shall be, as far as possible, amicably composed by diplomatic means.

2. In the event that the dispute has not been made within six months of the date on which either of the Contracting Parties has made a written request to the other Contracting Party, it shall be submitted, at the request of one of the Contracting Parties, to an ad hoc Arbitral Tribunal, In accordance with the provisions of this Article.

3. The Arbitral Tribunal shall be constituted as follows: Within two months from the date of receipt of the request for arbitration, each Contracting Party shall appoint a member of the Tribunal. Subsequently, these two members will elect a citizen of a third state, who will serve as President. The Chairman shall be appointed within three months of the appointment of the two members.

4. If, within the time limit referred to in paragraph 3 of this Article, appointments have not yet been made, each of the two

Contracting Parties may, in the absence of a different arrangement, request their execution to the President of the International Court of Justice. If the President of the Court is a citizen of one of the Contracting Parties, or for any other reason he / she can not be appointed, he / she will be asked to the Vice President of the Court.

If the Vice President of the Court is also a national of one of the Contracting Parties or for any other reason can not make the appointments, he will be invited to provide the member of the International Court of Justice older than he is not a citizen of one of the Contracting Parties.

5. The Arbitral Tribunal shall decide by majority vote. His decisions will be binding on both Contracting Parties. Each Contracting Party shall bear the costs associated with the activity of the member of the Court of First Instance appointed by it and those of its own representative at the hearings. The expenses of the President and the other expenses shall be borne by the two Contracting Parties equally.

The Arbitral Tribunal will establish its own procedures independently.

Article 11. Application of the Agreement

This Agreement shall apply to all investments made by investors of a Contracting Party in the territory of the other Contracting Party as from 10 February 1947.

Article 12. Application of Various Provisions

1. Should a matter be governed by both this Agreement and any other International Agreement to which both Contracting Parties have acceded, the Contracting Parties and their investors shall apply the most favorable provisions.

2. Where the treatment accorded by a Contracting Party to the investors of the other Contracting Party, in accordance with its legislation or on the basis of an investment agreement, is more favorable than that provided for in this Agreement, the most favorable treatment shall be applied.

Article 13. Entry Into Force of the Agreement

This Agreement shall enter into force on the date of the last written notification giving effect to the performance of all national procedures by the Contracting Parties.

Article 14. Duration and Termination of the Agreement

1. This Agreement shall remain in force for fifteen years from the date of completion of the procedures referred to in Article 13 of this Agreement and shall remain in force for further periods of five years, unless one of the two Contracting Parties has given it in writing At least one year before the expiration of the relevant period of validity.

2. For investments made before the expiration dates of this Agreement, the provisions of Articles 1 to 12 shall remain in force for a further period of ten years from those dates.

In witness whereof the undersigned representatives, duly authorized by their Governments, have signed this Agreement in Rome on 9 April 1996, in two copies, each in the Italian and Russian languages, both texts being equally authentic.

The Italian Republic and the Russian Federation

Referring to the Mutual Allowance and Mutual Protection Agreement signed in Rome on 9 April 1996 and to the Convention to Prevent Double Taxation of Taxes on Income and Equity and to Prevent Tax Evasion signed in Rome on April 9, 1996;

State that they want to engage in the creation of favorable conditions for Italian and Russian economic operators, in compliance with the principles and standards set out in the bilateral agreements referred to, and to propose the objective of developing the capacity to attract investment in the systems Of the Italian Republic and of the Russian Federation;

Believe that to pursue this goal is needed:

- To extend the legal-patrimonial basis of investment cooperation, including the protection of investor rights and investment insurance;
- To extend the practice of using, in addition to the intergovernmental credit line resources, other sources of funding;
- To attract, for the financing of specific major economic projects to be realized both in Italy and Russia: private capital, any income from the businesses deriving from the activity carried out, encouraging their reinvestment, and not the investments of the International Financial Institutions; Private capital; Any incomes of companies deriving from their business, encouraging their reinvestment as well as the investments of the International Financial Institutions;
- To apply the leasing instrument, also for the development of small business, and to encourage competitiveness in the scientific and technological sphere and the exchange of know-how,
- Introduce the practice of compensation and non-traditional formulas of investment in the execution of investment projects;
- To establish, in accordance with their respective national legislation and with the applicable rules in the territories of the two countries, the practice of awarding contracts for the choice of investment projects and establishing criteria for the award of prize-giving priorities;
- To encourage Italian and Russian commercial banks to develop a joint funding mechanism for projects based on the principles of rapidity of delivery, profitability and repayment of the funds invested;
- To improve a mechanism that facilitates and guarantees the execution of arbitration in the Italian and Russian territories;
- Involve Chambers of Commerce and other public bodies of Italy and Russia, as well as Unions and Associations interested in the development of entrepreneurial activities in providing information and advisory support to potential investors in the field of belts.

Taking into account the knowledge and experience gained over a long period of economic relations of mutual interest and mutual benefit, they observe that favorable conditions exist for the implementation of the aforementioned program:

- The interest of both parties in the implementation of joint projects;
- A significant collaboration experience in the realization of concrete investment projects ;.
- The existence of the basic legal bases for bilateral investment in investment;
- The existence of a resource base and elaborate design and technology;
- The availability of a qualified workforce.

State that they agree on the importance of pursuing an Italian-Russian intergovernmental investment cooperation program with the aim of creating in their respective territories the conditions necessary for the implementation of joint investment projects, which in turn promote the further development of economic relations Between Italy and Russia.

Consider the following cooperation guidelines in the field of investment:

- Fuel and energy sector;
- Mechanic industry;
- Metallurgical industry;
- Chemical and petrochemical industry;
- Telecommunications sector;
- Food industry;
- Wood industry and derivatives
- Infrastructure sector;
- Transport sector;
- Tourism sector.

Also consider the prospects for cooperation between small and medium-sized enterprises in the two countries as priorities.

Consider that in order to establish a priority order between the projects that will be examined, it will be important to take into account the following criteria:

- Of the correspondence of the projects examined with the economic interests of Italy and Russia;
- The effects of the projects examined on the economy of the two countries and their scope for further intensification of economic relations;
- Of their impact on the development of forms of collaboration in production and specialization between the economic operators of the two Parties.

Intend to verify, also through the collaboration of the Italian-Russian Economic, Industrial and Financial Cooperation Council, the state of implementation of this Declaration.

Done at Rome, 1 August 2000, in two originals in the Italian and Russian languages, each being equally authentic.

For the Italian Republic

Lamberto Dini Minister of Foreign Affairs of the Italian Republic

Vice-President of the Government

For the Russian Federation

Minister of Finance of the Russian Federation

Alexei Kudrin