

# **AGREEMENT BETWEEN THE GOVERNMENT OF THE RUSSIAN FEDERATION AND THE GOVERNMENT OF THE REPUBLIC OF SINGAPORE ON THE PROMOTION AND MUTUAL PROTECTION OF INVESTMENTS**

The Government of the Republic of Singapore and the Government of the Russian Federation, each hereinafter referred to as a "Contracting Party",

DESIRING to create favourable conditions for greater economic co-operation between them and in particular for investments by investors of one Contracting Party in the territory of the other Contracting Party for mutual benefit;

RECOGNISING that the encouragement and reciprocal protection of such investments on the basis of this Agreement shall stimulate the inflow of capital and the development of mutually beneficial trade and economic co-operation,

HAVE AGREED AS FOLLOWS:

## **Article 1. Definitions**

For the purposes of this Agreement:

1. The term "investor" means any natural or legal person of either Contracting Party that has made investments in the territory of the other Contracting Party in accordance with the legislation of the latter Contracting Party:

(a) the term "natural person" means any citizen of the State of the former Contracting Party according to its legislation; and

(b) the term "legal person" means any entity incorporated or constituted in accordance with the legislation of the former Contracting Party.

2. The term "investment" means any kind of assets invested by an investor of one Contracting Party in the territory of the other Contracting Party in accordance with the legislation of the latter Contracting Party, including, though not exclusively, any:

(a) movable and immovable property and property rights;

(b) shares, stocks and other forms of share participation in the capital of legal persons, and debentures;

(c) claims to money or to any performance under contract having economic value related to an investment;

(d) exclusive intellectual property rights and goodwill;

(e) business concessions conferred by the legislation of the latter Contracting Party or under contract, including any concession to explore, develop, extract or exploit natural resources.

Any change in the form of the investments shall not affect their character as investments if such change does not contradict the legislation of the Contracting Party in which territory the investment was made.

3. The term "returns" means monetary amounts yielded by an investment including any profits, interest, capital gains, dividends, royalties or fees.

4. The term "freely usable currency" means freely usable currency as determined by the International Monetary Fund under its Articles of Agreement and any amendments thereto.

5. The term "territory" means, in respect of each Contracting Party, the territory of the Russian Federation and the Republic of Singapore respectively, as well as its exclusive economic zones and the continental shelf over which that Contracting Party

exercises sovereign rights or jurisdiction in accordance with the United Nations Convention on the Law of the Sea (1982), for the purposes, inter alia, of exploration and exploitation of the natural resources within such areas.

6. The term "legislation of the Contracting Party" means the laws and other regulations of the Russian Federation, or the laws and other regulations of the Republic of Singapore, respectively.

## **Article 2. Application of this Agreement**

This Agreement shall apply to all investments made by investors of either Contracting Party in the territory of the other Contracting Party on or after 1 January 1990, but shall not apply to any dispute concerning an investment or any claim which arose, or was settled, before its entry into force.

## **Article 3. Promotion and Protection of Investments**

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

## **Article 4. Treatment of Investments**

1. Each Contracting Party shall accord in its territory fair and equitable treatment to investments of investors of the other Contracting Party.

2. The treatment referred to in paragraph 1 of this Article shall be at least as favourable as that provided by a Contracting Party to investments of its own investors, or to investments of investors of any third State, whichever is more favourable.

3. Each Contracting Party reserves the right, in accordance with its legislation, to apply or introduce exceptions from the provisions of this Article related to National Treatment.

4. The provisions of this Article related to Most-Favoured Nation Treatment shall not be construed so as to oblige one Contracting Party to extend to investments of investors of the other Contracting Party the benefits of any treatment, preference or privilege which may be granted by the former Contracting Party by virtue of:

(a) any existing or future free trade area, customs union, monetary union or any other similar economic integration arrangement, which one of the Contracting Parties is or may become a party to;

(b) any rights or obligations of a Contracting Party resulting from an international agreement or arrangement relating wholly or mainly to taxation.

5. From the date of Russia's accession to the World Trade Organization (WTO), without prejudice to the provisions of Articles 5, 6, 8 and 9 of this Agreement, neither Contracting Party is committed by this Agreement to accord treatment more favourable than the treatment granted by that Contracting Party in accordance with its obligations under the Agreement Establishing the WTO of 15 April 1994, including obligations under the General Agreement on Trade in Services

## **Article 5. Expropriation**

1. Neither Contracting Party shall nationalize, expropriate or subject to measures having effect equivalent to nationalization or expropriation (hereinafter referred to as "expropriation") the investments of investors of the other Contracting Party unless the expropriation is:

(a) for a public purpose;

(b) carried out on a non-discriminatory basis;

(c) in accordance with due process of law; and

(d) upon payment of compensation in accordance with this Article.

2. The expropriation shall be accompanied by the payment of prompt, adequate and effective compensation. Compensation shall be equivalent to the fair market value of the expropriated investment calculated on the date immediately preceding the date of expropriation, or the date immediately preceding the date when impending expropriation became public knowledge, whichever is earlier. Such compensation shall be effectively realizable, paid without undue delay in any freely usable currency at the choice of the investor, and freely transferable in accordance with Article 7 of this Agreement.

From the date of expropriation until the date of actual payment of the compensation, the amount of the compensation shall be subject to accrued interest at a market-defined commercial rate but no lower than the London Interbank Offered Rate (LIBOR) for six-month US dollar credits.

3. Notwithstanding paragraphs 1 and 2 of this Article, expropriation relating to land within the territory of one of the Contracting Parties shall be carried out in accordance with the legislation of that Contracting Party for a purpose established in accordance with the aforesaid legislation, and upon payment of compensation, which shall be assessed with due consideration to market value and paid without undue delay, in accordance with the legislation of that Contracting Party.

(A) a public purpose;

(B) in a non-discriminatory basis;

(C) in accordance with the relevant procedures established by the legislation; and

(D) the payment of compensation in accordance with this Article.

## **Article 6. Compensation for Losses**

Investors of one Contracting Party whose investments in the territory of the other Contracting Party suffer losses owing to war or other armed conflict, a state of national emergency, revolt, insurrection, riot or other similar situation in the territory of the latter Contracting Party, shall be accorded by the latter Contracting Party treatment, as regards restitution, indemnification, compensation or other settlement, if any, which it accords to investors of any third State or its own investors, whichever is more favourable

## **Article 7. Transfer of Payments**

1. Each Contracting Party shall, in accordance with its legislation, guarantee to investors of the other Contracting Party, upon fulfillment by them of all their tax obligations, a free transfer abroad of payments related to their investments, and in particular:

(a) initial capital or any additional amounts for the maintenance or extension of the investments;

(b) returns;

(c) proceeds from the total or partial liquidation, sale, or other disposition of investments;

(d) repayments made pursuant to loan agreements in connection with an investment;

(e) payments made under contracts related to an investment;

(f) earnings of citizens of the State of the other Contracting Party who have permission to work in connection with an investment in the territory of the former Contracting Party in accordance with its legislation;

(g) payments made in accordance with Articles 5 and 6 of this Agreement.

2. The transfers of payments referred to in paragraph 1 of this Article shall be made at the current market rate of exchange at the time of transfer, in freely usable currency, pursuant to the procedures of exchange regulations in force, if applicable, of the Contracting Party in the territory of which the investment was made.

## **Article 8. Subrogation**

A Contracting Party or its designated agency having made payment to an investor of that Contracting Party based on a guarantee of protection from non-commercial risks in relation to an investment made in the territory of the other Contracting Party, shall be entitled by virtue of subrogation, to exercise the rights of the said investor to the same extent as the said investor. The procedures for the exercise of such rights may be prescribed in the legislation, if necessary, of the latter Contracting Party.

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

1. Any dispute between an investor of one Contracting Party and the other Contracting Party arising from an alleged breach

of this Agreement shall, as far as possible, be settled amicably through negotiations between the parties to the dispute. The party to the dispute requesting negotiations shall give written notice to the other party to the dispute.

2. When the dispute cannot be settled by way of negotiations within a period of six months starting from the date of the written request referred to in paragraph 1 of this Article, it may be submitted at the choice of the investor for consideration:

(a) to a competent court or arbitration court of the Contracting Party in the territory of which the investment was made;

(b) to an ad hoc arbitration in accordance with the Arbitration Rules of the United Nations Commission on International Trade Law, adopted by the United Nations General Assembly on 15 December 1976, and amendments thereto;

(c) to the International Centre for Settlement of Investment Disputes (ICSID), created pursuant to the Convention on the Settlement of Investment Disputes between States and Nationals of Other States (the "Convention") opened for signature at Washington on 18 March 1965 for settlement of a dispute according to provisions of the Convention (provided that the Convention is in force for both Contracting Parties); or

(d) under the Additional Facility Rules of ICSID (provided that the Convention is not in force for either Contracting Party, or both).

An arbitral award shall be final and binding upon both parties to the dispute. Each Contracting Party shall ensure the enforcement of an arbitral award in accordance with its legislation.

## **Article 10. Settlement of Disputes between the Contracting Parties**

1. Any dispute between the Contracting Parties concerning the interpretation or application of this Agreement shall, as far as possible, be settled through negotiations. If any dispute cannot be thus settled within six months from the beginning of the negotiations, it shall upon the written request of either Contracting Party be submitted to an arbitral tribunal, which shall be constituted for each individual case in the manner set out in paragraphs 2 and 3.

2. Within three months of the receipt of the request for arbitration, each Contracting Party shall appoint one member of the arbitral tribunal. Those two members shall then select a national of a third State who, on approval by both Contracting Parties, shall be appointed as the Chairman of the arbitral tribunal. The Chairman shall be appointed within two months from the date of appointment of the other two members of the arbitral tribunal.

3. If within the periods specified in paragraph 2 of this Article the necessary appointments have not been made, either Contracting Party may, in the absence of any other written agreement, invite the President of the International Court of Justice (ICJ) to make the necessary appointments. If the President of the ICJ is a citizen of the State of either Contracting Party or is otherwise prevented from discharging the said function, the Vice-President shall be invited to make necessary appointments. If the Vice-President of the ICJ is a citizen of the State of either Contracting Party or is otherwise prevented from discharging the said function, the member of the ICJ next in seniority who is not a citizen of the State of either Contracting Party and not otherwise prevented from discharging the said function shall be invited to make the necessary appointments.

4. The arbitral tribunal shall reach its decision by a majority of votes. The decision of the arbitral tribunal shall be final and binding on both Contracting Parties. Each Contracting Party shall bear the costs of the member of the arbitral tribunal appointed by it, and of its representation in the arbitration proceedings, as well as half the costs of the Chairman and the remaining costs. The arbitral tribunal may, however, in its decision direct that a higher proportion of costs shall be borne by one of the Contracting Parties, and this award shall be binding on both Contracting Parties.

5. Apart from the provisions of paragraphs 1 to 4 of this Article, the arbitral tribunal shall establish its own rules of procedure.

## **Article 11. Other Obligations**

If the legislation of either Contracting Party or international obligations existing at present or established hereafter between the Contracting Parties in addition to this Agreement, result in a position entitling investments by investors of the other Contracting Party to treatment more favourable than is provided for by this Agreement, such position shall not be affected by this Agreement.

## **Article 12. Consultations**

The Contracting Parties shall hold consultations at the request of either of them on any matter concerning the interpretation

or application of this Agreement.

### **Article 13. Entry Into Force, Duration, Amendment and Termination**

1. Each Contracting Party shall notify the other Contracting Party in writing of the fulfillment of its internal legal procedures required for the entry into force of this Agreement. This Agreement shall enter into force on the thirtieth day from the date of the latter of the two notifications.

2. This Agreement shall remain in force for a period of fifteen years. Thereafter, it shall remain in force until the expiration of twelve months from the date when either Contracting Party notifies the other Contracting Party in writing of its decision to terminate this Agreement.

3. In respect of investments made prior to the date when this Agreement terminates, the provisions of Articles 1 to 12 shall remain in force for a further period of fifteen years from that date.

4. This Agreement may be amended in writing by mutual consent of the Contracting Parties. Each Contracting Party shall notify the other Contracting Party in writing that it has completed its internal legal procedures required for the entry into force of such amendment. The amendment shall enter into force on the date of the latter of the two notifications.

IN WITNESS WHEREOF the undersigned, being duly authorised thereto by their respective Governments, have signed this Agreement.

Done at Singapore, September 27, 2010 in two originals, each in the Russian and English languages, both texts being equally authentic.

For the Government of the Russian Federation

For the Government of the Republic of Singapore