

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

The Government of the Lebanese Republic and the Government of the Russian Federation, thereafter referred to as the Contracting Parties,

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

Recognizing that the promotion and mutual protection of investments on the basis of the present Agreement will stimulate the development of the mutually beneficial commercial, economic, scientific and technical cooperation,

Have agreed as follows:

Article I. Definitions

For the purposes of the present Agreement:

1. The term, "investor" shall mean with regard to each Contracting Party:

- a) Any natural person who is a citizen of the state of that Contracting Party and who has a legal right in accordance with the legislation of that Contracting Party to make investments in the territory of the other Contracting Party;
- b) Any legal person established or constituted under the existing legislation in the territory of that Contracting Party provided the legal person is competent, in accordance with the legislation of that Contracting Party, to make investments in the territory of the other Contracting Party.

2. The term "investments" shall mean all kinds of assets which investors of one of the Contracting Party invest in the territory of the other Contracting Party in accordance with the latter Contracting Party's legislation and, in particular:

- a) Movable and immovable property as well as property rights thereto;
- b) Shares, stocks and other forms of participation in business enterprises or companies;
- c) Claims to money invested for the purpose of creating economic values related to investments;
- d) Copyrights, rights to industrial property (such as patents, trade marks and service marks, industrial samples and models), technology and "know-how";
- e) Rights conferred by law or under contract to conduct economic as well as commercial activity related in particular to exploration, development, extraction and exploitation of natural resources.

Any alteration of the form in which assets have been invested or reinvested shall not affect the character of investment on condition that this change is not in contradiction with the legislation of the Contracting Party in the territory of which the investments were made.

3. The term "returns" means the amounts yielded as a result of investments according to paragraph 2 of this Article and includes, in particular, profit, dividends, interest, licence fees, service fees and other remunerations payments. paragraph 2 of this Article and includes, in particular, profit, dividends, interest, licence fees, service fees and other remunerations payments.

4. The term "territory" shall mean the territory of the Lebanese Republic or the territory of the Russian Federation and shall include their respective exclusive economic zone and continental shelf over which the Lebanese Republic or the Russian

Federation exercise sovereign rights and jurisdiction in accordance with the international law.

Article II. 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, in accordance with its legislation, guarantee to investors of the other Contracting Party full protection and security to investments made by investors of the other Contracting Party.

Article III. Treatment of Investments

1. Each Contracting Party shall ensure in its territory fair and equitable treatment of the investments made by investors of the other Contracting Party and activities in connection with such investments and exclude the use of discriminatory measures that might hinder management and administration of investments.
2. The treatment referred to in paragraph 1 of this Article shall be at least as favourable as that granted to the investments and activities in connection with such investments by its own investors or investors of third state. paragraph 1 of this Article shall be at least as favourable as that granted to the investments and activities in connection with such investments by its own investors or investors of third state.
3. Each Contracting Party shall reserve the right to determine economic fields and areas of activity where activities of foreign investors shall be excluded or restricted.
4. The most favourable nation treatment granted in accordance with paragraph 2 of this Article shall not apply to benefits which the Contracting Party is providing or will provide in the future: paragraph 2 of this Article shall not apply to benefits which the Contracting Party is providing or will provide in the future:
 - in connection with the participation in a free trade area, customs or economic union;
 - by virtue of agreements between the Russian Federation and the states, which had earlier formed part of the Union of the Soviet Socialist Republics;
 - in connection with investments in Lebanon by Arab investors including real estate and other real rights;
 - on the basis of agreements meant to avoid double taxation, or other arrangements on taxation issues.

Article IV. Key Personnel

1. A Contracting Party shall, in accordance with its legislation of entry, sojourn and work of non-citizens, permit natural persons who are investors of the other Contracting Party and key personnel employed by companies of that other Contracting Party to enter and remain in its territory for the purpose of engaging in activities associated with investments.
2. A Contracting Party shall, in accordance with its legislation, permit investors of the other Contracting Party who made investments in the territory of the former Contracting Party to employ any employee of key personnel of their choice regardless of citizenship on condition that such employee has got the permission to enter, sojourn and work in the territory of the former Contracting Party and such job corresponds to conditions and time limits stipulated in such employee's permission.

Article V. Transparency of Laws

Each Contracting Party shall, with a view to promoting the understanding of its law that pertain to or affect investments in its territory made by investors of the other Contracting Party, provide such law public and readily accessible.

Article VI. Expropriation

1. 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 tantamount to expropriation or nationalization ("hereinafter referred to as expropriation"), except when such measures are taken for public interests and in accordance with the procedure established by the legislation, when they are not discriminatory and are followed by prompt, adequate and effective compensation.

2. The compensation shall correspond to the real value of the expropriated investments immediately before the time when the actual or impending expropriation has become known. Compensation shall be paid without unreasonable delay in freely convertible currency. Until the date of payment the amount of compensation shall be subject to accrued interest based on the interest rate of the Contracting Party in the territory of which the investment were made.

Article VII. Compensation for Losses

For the investors of one Contracting Party who made investments in the territory of the other Contracting Party that were damaged due to war, military conflicts, state of emergency or other similar circumstances the responsible Contracting Party will grant in respect of rehabilitation of property, compensations and other kinds of settlement, the treatment as favourable as that granted to domestic investors or investors of any third state.

Article VIII. Transfers of Payment

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

- a) Returns;
- b) Funds in repayment of loans recognised by the Contracting Parties as investments;
- c) Proceeds from sale or full or partial liquidation of an investments;
- d) Compensation, stipulated in the Article VI of this Agreement;Article VI of this Agreement;
- e) Wages and other remunerations received by nationals and key personnel of the other Party who have a right to work in the territory of the former Contracting Party in relation to an investment;
- f) Capital and additional amounts to maintain or increase the investment.

2. Transfers shall be made without delay in a convertible currency at the rate of exchange applicable on the date of transfer pursuant to the existing exchange regulations of the Contracting Party in whose territory the investments were made.

The host Contracting Party of the investment shall allow the investors of other Contracting Party access to its foreign exchange market and to purchase the necessary foreign currency to make transfers pursuant to this Article, at the current market rate of exchange applicable on the date of transfer.

Article IX. Subrogation

A Contracting Party or its designated agency having made payment to an investor based on a guarantee issued for non-commercial risks in relation to an investment in the territory of the other Contracting Party, is by virtue of subrogation, entitled to exercise the rights of the investors to the same extent as the said investors. Such rights shall be exercised in accordance with the legislation of the latter Contracting Party.

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

1. Any dispute between one of the Contracting Parties and an investor of the other Contracting Party arising in connection with an investment, including disputes relating to the amount, conditions and procedure of payment of a compensation in accordance with Article VI or to the procedure of transfer of payments set in Article VIII of this Agreement, shall be subject to a written notification accompanied by a detailed commentary which are sent by the investor to the Contracting Party involved in the dispute. The Parties to a dispute shall, to the extent possible, seek a settlement to this dispute in an amicable manner. Article VI or to the procedure of transfer of payments set in Article VIII of this Agreement, shall be subject to a written notification accompanied by a detailed commentary which are sent by the investor to the Contracting Party involved in the dispute. The Parties to a dispute shall, to the extent possible, seek a settlement to this dispute in an amicable manner.

2. In case the dispute cannot be settled in such a manner during a period of six months starting from the date on which written notification referred to in para 1 of this Article was sent, it shall be submitted for consideration to;para 1 of this Article was sent, it shall be submitted for consideration to;

- a) A competent court or arbitration court of the Contracting Party in the territory of which the investments were made; or

b) The Arbitration Institute of the Chamber of Commerce of Stockholm; or

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

3. An Arbitration decision shall be final and binding upon both parties to the dispute. Each Contracting Party shall undertake to enforce this decision in accordance with its legislation.

Article XI. Settlement of Disputes between the Contracting Parties

1. Disputes between the Contracting Parties concerning the interpretation and application of this Agreement shall be settled by way of negotiations.

2. If a dispute is not settled in such a way within six months from the beginning of the negotiations, it shall upon the request of either Contracting Party be submitted to Arbitration court.

3. Such Arbitration court shall be constituted for each individual case in the following manner. Each Contracting Party shall appoint one member of the Arbitration court within two months of the receipt of the request for arbitration.

Those two members shall then select a national of a third state who upon the approval of the two Contracting Parties shall be appointed as the Chairman of the Arbitration court within a month from the date of the appointment of the other two members.

4. If within the time-limits specified in para 3 of this Article the necessary appointments have not been made, either Contracting Party may, in the absence of any other agreement, invite the President of the International Court of Justice to make such appointments. 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, the Vice-President of the International Court of Justice shall be invited to make the necessary appointments. If the Vice-President of the International Court of Justice is a national of either Contracting Party or is otherwise unable to discharge the said function, the member of the International Court of Justice next in seniority who is not a national of either Contracting Party shall be invited to make the necessary appointments. para 3 of this Article the necessary appointments have not been made, either Contracting Party may, in the absence of any other agreement, invite the President of the International Court of Justice to make such appointments. 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, the Vice-President of the International Court of Justice shall be invited to make the necessary appointments. If the Vice-President of the International Court of Justice is a national of either Contracting Party or is otherwise unable to discharge the said function, the member of the International Court of Justice next in seniority who is not a national of either Contracting Party shall be invited to make the necessary appointments.

5. The Arbitration court shall reach its decision by a majority of votes. Such decision shall be final and binding upon the Contracting Parties. Each Contracting Party shall bear the costs of activities of its own member of the court and of its representation on the arbitration proceedings; the costs related to the activities of the Chairman of the Arbitration court and other costs shall be borne in equal parts by the Contracting Parties. The court may, however, in its decision direct that a higher portion of costs shall be borne by one of the Contracting Parties and such decision shall be binding on both Contracting Parties. The Arbitration court shall establish its own procedures independently.

Article XII. Consultations

The Contracting Parties shall consult at the request of either of them, on the matter concerning the interpretation or application of this Agreement.

Article XIII. Application of the Agreement

This Agreement shall apply to all investments made by investors of one of the Contracting Parties in the territory of the other Contracting Party beginning from January 1, 1987.

Article XIV. Entry Into Force and Duration of the Agreement

1. Each Contracting Party shall notify the other Contracting Party in written form of the completion of its internal procedures required for the entry into force of this Agreement. This Agreement shall enter into force on 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 for an unlimited period unless denounced in writing by either Contracting Party twelve months in advance.

3. This Agreement may be amended by mutual written consent of the Contracting Parties. Any amendment shall enter into force after each Contracting Party has notified in written form the other Party that it has completed all internal requirements for entry into force of such amendment.

4. With respect to the investments made prior to the date of termination of this Agreement and to which this Agreement otherwise applies, the provisions of this Agreement shall thereafter continue to be effective for the next five years from the date of termination.

Done in Moscow on April 8, 1997, in two copies, each in Russian, Arabic and English, all texts being equally authentic.

Should there be any difference in the interpretation of this Agreement, the English text shall prevail.

For the Government of the Republic of Lebanon

For the Government of the Russian Federation