

AGREEMENT

Between the Government of the Republic of Macedonia and the Government of the Russian Federation on the promotion and mutual protection of investments

The Government of the Republic of Macedonia and the Government of the Russian Federation, hereinafter referred to as the Contracting Parties, wishing to strengthen mutually beneficial economic cooperation,

Desiring to create and maintain favorable conditions for investments by investors of one Contracting Party in the territory of the other Contracting Party,

Bearing in mind that the promotion and mutual protection of such investments will contribute to the economic development of both states, agreed on the following:

Article 1. Definitions

For the purposes of this Agreement:

1. The term "investment" covers all types of property values that are invested by an investor of one Contracting Party in the territory of the other Contracting Party in accordance with its legislation, and includes, in particular:

- A) movable and immovable property, as well as property rights, such as mortgages and mortgages;
- B) cash, as well as shares, deposits and other forms of participation;
- C) The right of claim for funds or any contractual obligations of economic value;
- D) copyrights, rights to trademarks, inventions and other intellectual property, as well as "know-how" and business reputation,
- E) The right to conduct economic activities, provided on the basis of law or contract, including the rights to explore, develop and operate natural resources.

Any change in the form of investment of property values will not affect their qualifications as an investment.

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

- A) any natural person who is a national of that Contracting Party in accordance with its legislation;
- B) Any legal entity created in accordance with the laws of that Contracting Party, including in the form of an enterprise, company, corporation, association or other organization and located in its territory;

Provided that such an individual or legal entity is competent under the laws of its Contracting Party to invest in the territory of the other Contracting Party.

3. The term "income" means money received as a result of investment, and in particular: profit, interest, dividends, license and other fees.

4. The term "territory" means the territory of the Republic of Macedonia or the territory of the Russian Federation, and in respect of the Russian Federation also the exclusive economic zone and the continental shelf.

Article 2. Promotion and Mutual Protection of Investments

1. Each of the Contracting Parties shall encourage on its territory the investment of investors of the other Contracting Party and allow such investments in accordance with its legislation.
2. Each Contracting Party shall protect on its territory investments made in accordance with its legislation by investors of the other Contracting Party and shall not cause damage through unjustified or disproportionate measures in respect of management, maintenance, use, possession, expansion, sale or liquidation of such investments.

Article 3. Investment Regime

1. Each of the Contracting Parties will ensure that investors of the other Contracting Party receive fair and equitable treatment within its territory.
2. The regime referred to in Article 1 of this Article shall be no less favorable than that granted to the investments of its own investors or investors of any third state.
3. Each Contracting Party shall have the right to maintain or establish, in accordance with its law, exceptions to the national treatment accorded under paragraph 2 of this Article.
- 4 Most-Favoured-Nation Treatment accorded in accordance with paragraph 2 of this Article shall not extend to benefits which a Contracting Party shall grant or provide in the future:
 - in connection with participation in a free trade area, customs union or economic union;
 - by virtue of double taxation or other agreements on taxation issues.

The aforementioned regime of the most favored nation will not extend furthermore to the advantages that the Republic of Macedonia grants or will provide in future to the states formerly part of the Socialist Federal Republic of Yugoslavia, as well as to the advantages that the Russian Federation provides or will provide in future to the states formerly part of the Composition of the Union of Soviet Socialist Republics.

5. In the case of a re-investment of income from investment, such re-investment will be accorded the same protection and treatment as the original investment.

Article 4. Expropriation

1. Investments of investors of one of the Contracting Parties carried out in the territory of the other Contracting Party shall not be expropriated, nationalized or subjected to other measures, (hereinafter referred to as "expropriation"), unless such measures are taken in the public interest in the manner prescribed by law, are not discriminatory and are accompanied by the payment of effective and adequate compensation.
2. The compensation provided for in paragraph 1 of this Article shall be in accordance with the market value of the expropriated investments immediately before the official information on the actual implementation or of the forthcoming expropriation is made public. Compensation will be paid without undue delay. From the moment of expropriation to the moment of payment of compensation, the interest will be accrued on the amount of compensation on the market interest rate, which should not be lower than the London interbank rate (LIBOR).

Article 5. Compensation for Losses

Investors of one Contracting Party whose investments in the territory of the other Contracting Party are damaged as a result of war or other armed conflict, declaration of a state of emergency, civil disturbance or other similar circumstances shall be accorded by the latter Contracting Party treatment no less favourable than that accorded to its own investors or to investors of any third state in respect of restitution, compensation or other settlement.

Article 6. Transfer of Payments

1. Each of the Contracting Parties guarantees to investors of the other Contracting Party, after fulfilling their respective financial obligations, the unrestricted transfer abroad of payments in connection with investments, and in particular:
 - A) the amount of the initial investment and additional amounts to maintain and expand the investment;
 - B) income;

C) amounts paid to repay loans related to capital investment;

D) amounts from full or partial sale or liquidation of investment;

E) The compensation provided for in Articles 4 and 5 of this Agreements;.

F) Wages of citizens of the other Contracting Party, which are allowed to work in connection with the investment in the territory of the first Contracting Party.

2. The transfer of payments referred to in paragraph 1 of this Article will be effected without undue delay in freely convertible currency at the exchange rate applicable at the date of transfer in accordance with the rules of currency regulation of the Contracting Party in whose territory the investment is made.

3. Subject to the provisions of Article 3 of this Agreement, the investors of the Contracting Parties shall grant, in respect of the transfer of payments referred to in paragraph 1 of this Article, treatment no less favorable than that accorded to the transfer of payments in connection with the investments of investors of any third state.

Article 7. Settlement of Disputes between One Contracting Party and an Investor of the other Contracting Party

1. Disputes between one of the Contracting Parties and the investor of the other Contracting Party arising in connection with the investments made in the territory of the re-domicile of the Contracting Party and relating to the obligations under this Agreement shall be resolved as far as possible by negotiation.

2. If the dispute is not resolved in this manner within six months from the date of commencement of the negotiations, it may be referred to:

- A competent court or arbitration of the Contracting Party in whose territory the investment is made, or

- Ad hoc Arbitral Tribunal, established in accordance with the Arbitration Rules of the United Nations Commission on International Trade Law (UNCITRAL). The arbitral award will be final and binding on the parties to the dispute.

Article 8. Settlement of Disputes between the Contracting Parties

1. Disputes between the Contracting Parties concerning the interpretation and application of this Agreement shall be resolved through negotiations. If the dispute is not resolved in this way and within six months from the date of the commencement of the negotiations, then at the request of any of the the Contracting Parties, it will be referred to the arbitral tribunal.

2. The arbitral tribunal shall be established for each specific case in the following manner. Each of the Contracting Parties will appoint one member of the arbitral tribunal. These two members of the court will be elected by mutual consent of the chairman of the arbitration court, who must be a citizen of a third state. The members of the arbitral tribunal will be appointed within two months, and the chairman of the court - within three months from the date when one of the Contracting Parties declares its intention to refer the dispute to the arbitral tribunal.

3. If, within the periods specified in paragraph 2 of this Article, the necessary appointments are not made, in the absence of any other agreement, any of the Contracting Parties may request 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 one of the Contracting Parties or for any other reason can not perform the specified function, the Vice-President of the International Court of Justice will be invited to make appointments. If the Vice-President of the International Court of Justice is a citizen of one of the Contracting Parties or for any other reason can not fulfill this function, the appointment of the next member of the International Court of Justice, which is not a national of either Contracting Party, will be made to appoint him.

4. The arbitral tribunal shall render its decision by a majority of votes. Such a decision will be final and binding on both, the Contracting Parties. Each of the Contracting Parties shall bear the costs associated with the activities of the member of the court appointed by it and with its representation in the arbitral proceedings; Costs related to the activities of the President of the Court, as well as other costs, the Contracting Parties will be borne in equal shares. On all other issues, the arbitration court will determine the order of its work independently.

Article 9. More Favorable Conditions

If, in accordance with the legislation of one of the Contracting Parties or an international agreement to which both

Contracting Parties are parties, the investment of investors of the other Contracting Party is accorded a regime more favorable than the regime accorded under this Agreement, a more favorable regime will be applied.

Article 10. Consultation and Information Exchange

On proposal of any of the Contracting Parties, consultations will be held on issues relating to the interpretation or execution of this Agreement.

At the request of any of the Contracting Parties, information will be exchanged on the effects that the laws and other legal acts of the other Contracting Party may have on investments falling within the scope of this Agreement.

Article 11. Application of the Agreement

This Agreement shall apply to all investments made by investors of one Contracting Party in the territory of the other Contracting Party from November 17, 1991.

Article 12. Entry Into Force of the Agreement

This Agreement shall enter into force on the date of receipt of the last written notification confirming the fulfillment by the Contracting Parties of all the necessary domestic procedures.

Article 13. Term and Termination

1. This Agreement is concluded for a period of ten years. Its operation will be automatically extended for the next ten years

The time limits, if none of the Contracting Parties notifies in writing through the diplomatic channels the other Contracting Party at least twelve months before the expiration of the relevant period of its intention to terminate this Agreement.

2. With respect to investments made prior to the date of termination of this Agreement, the provisions of this Agreement will remain in effect for the next ten years after this date.

Done in the Skopje 21.10.1997, in duplicate, each in Macedonian and Russian, both texts being equally authentic.

For Government Republic of Macedonia

For Government of the Russian Federation