

# RUSSIAN FEDERATION

## AGREEMENT

BETWEEN THE GOVERNMENT OF THE RUSSIAN FEDERATION AND THE GOVERNMENT OF THE REPUBLIC OF KAZAKHSTAN on the promotion and mutual protection of investments

(Moscow, July 6, 1998)

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

Developing the basic provisions of the Agreement on cooperation in the field of investment activity on December 24, 1993

Wishing to strengthen economic cooperation on a long term basis for the mutual benefit of both Contracting Parties,

With the intention to create and maintain favorable conditions for investors of one Contracting Party in the territory of the other Contracting Party,

Recognizing that the promotion and reciprocal protection of investments on the basis of this Agreement will contribute to the development of mutually beneficial trade-economic and scientific-technical

Cooperation

Have agreed as follows:

## Article 1. Definitions

For the purposes of this Agreement:

1. The term "investment" covers all types of property and intellectual values invested by an investor of one Contracting Party in the territory of the other

Contracting Party in accordance with its legislation, and in particular:

- a) movable and immovable property and any other related property rights;
- b) cash and shares, stocks and other forms of participation;
- c) claims to money that is invested to create economic value, or services having an economic value associated with an investment;
- d) exclusive rights to intellectual property (copyrights, inventions, industrial Designs, utility models, trademarks or service marks, trade names, technology, information having a commercial value, and know-how);
- e) the right to carry out business activities conferred by law or contract.

No change in the form in which assets are invested or reinvested shall not affect their character as investments provided that such change does not contradict the legislation of the Contracting Party in whose territory the investment the state made.

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

- a) any natural person who is a national of a Contracting Party or permanently residing in the territory of the Contracting

Party, and shall be entitled, in accordance with its legislation to invest in the territory of the other Contracting Party;

b) any legal entity established in accordance with applicable in the territory of that Contracting Party by law, provided that the legal person is entitled in accordance with the laws of its Contracting Party to make investments in the territory of the other Contracting Party.

3. The term "returns" means the funds received as a result of the investment, in accordance with paragraph 1 of this Article, and shall include, in particular: profits, dividends, interest, royalties and fees, and other fees.

4. The term "law of a Contracting Party" means the law of the State Party.

## **Article 2. The 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 ensure, in accordance with its law legal protection investments by investors of the other Contracting Party.

## **Article 3. Investment Regime**

1. Each Contracting Party shall ensure in its territory investments made by investors of the other Contracting Party, and activities in connection with such investments fair and equitable treatment, excludes the application of discriminatory measures that would impede the management and disposal of investments.

2. referred to in paragraph 1 of this Article Mode, will be no less favorable than the treatment accorded to investments and activities in connection with investments of its own investors or investors of any third state.

3. Each Contracting Party reserves the right to determine the sectors and spheres of activity, which exclude or restrict the activities of foreign investors.

4. Most favored nation treatment granted in accordance with paragraph 2 of this article will not be

To spread the benefits of that Contracting Party shall provide or will provide in the future:

a) in connection with participation in a free trade area, customs or economic union;

b) on the basis of agreements to avoid double taxation or other agreements on taxation.

## **Article 4. Core Staff**

1. The Contracting Party in accordance with its

Law relating to the entry, residence and employment of non-citizens, permit natural persons who are investors of the other Contracting Party, and key personnel (managerial, administrative, technical)

Hired legal persons of that Contracting Party,

Enter and remain on the territory of its State for the purpose of carrying out activities in connection with investments.

2. The Contracting Party in accordance with its laws permit investors of the other Contracting Party to make investments in the territory of the first Contracting Party to employ within its national territory key personnel of their choice, regardless of nationality.

## **Article 5. Openness and Accessibility of Legislation**

Each Contracting Party shall, in order to facilitate the understanding of its laws relating to, or affecting the investments made by investors of the other Contracting Party in the territory of its State, ensure the openness and accessibility of such legislation.

## **Article 6. Damages**

Investors of one Contracting Party whose investments suffer losses in the territory of the other Contracting Party due to

war, civil unrest or other similar circumstances, be given treatment no less favorable than that which the latter Contracting Party accords to its own investors or investors of any third State in respect of any forms of compensation for such damage.

## **Article 7. Expropriation**

1. Investments of investors of one Contracting Party made in the territory of the other Contracting Party shall not be expropriated, nationalized or subjected to measures equal to expropriation or nationalization (hereinafter referred to as - expropriation), except in cases where such measures are taken in the public interest procedure established by law, are not discriminatory and are accompanied by payment of prompt, adequate and

Effective compensation.

2. The compensation shall correspond to the market value of the expropriated investment immediately before the date when the official was aware of the actual or impending expropriation. Compensation shall be paid without delay in a freely convertible currency and freely translated from the territory of one Contracting Party in the territory of the other Contracting Party. Up to the date of payment for the amount of the compensation will bear interest at a rate YBOK.

## **Article 8. Transfer of Payments**

1. Each Contracting Party shall guarantee to investors

The other Contracting Party, after fulfillment of all

Tax obligations free transfer abroad of payments in connection with investments, and in particular:

- a) the amount of the original investment and additional amounts to maintain and increase investments;
- b) income;
- c) the amounts in repayment of loans, recognized by both Contracting Parties as investments;
- d) the sums received by the investor in connection with the partial or total liquidation or sale of investments;
- e) the compensation provided for in Article 7 of this

Agreement;

f) wages and other remuneration received by investors and key personnel of the other Contracting Party who are allowed to work in connection with investments in the territory of the first Contracting Party.

2. Transfer of payments will be carried out without delay in a freely convertible currency at the exchange rate applicable on the date of transfer in accordance with the currency regulations of the Contracting Party in whose territory the investment the state made.

## **Article 9. Subrogation**

Contracting Party or its designated agency, which will make the payment to the investor on the basis of guarantees against non-commercial risks in connection with its investment in the territory of the other Contracting Party will be able to exercise by subrogation the right of the investor to the same extent as the investor. These rights will be exercised in accordance with the legislation of the latter Contracting Party.

## **Article 10. Settlement of Disputes between a Contracting Party and an Investor of the other Contracting Party**

1. Any dispute between a Contracting Party and an investor of the other Contracting Party, arising out of investments, including disputes relating to the size, conditions, or order the payment of compensation laid down in Article 7 of this Agreement, or order the transfer payments,

Provided for in Article 8 of this Agreement shall be subject to

Written notification, accompanied by a detailed commentary, which will direct the investor to the Contracting Party involved in the dispute. The parties to the dispute shall endeavor to settle such dispute by negotiation if possible.

2. If so the dispute is not resolved within six months from the date of the written notice referred to in paragraph 1 of this article, at the option of the investor, he will be sent for consideration to:

- a) the competent court or tribunal of the Contracting Party in whose territory the investment the state made;
- b) international arbitration one of the Chambers of Commerce, with the consent of both parties to the dispute;
- c) the arbitration court ah Jos in accordance with the Arbitration Rules of the International Trade Law of the United Nations Commission (UNCITRAL).

3. The arbitration award shall be final and binding on both parties to the dispute. Each Contracting Party shall cause such decision to be executed in accordance with its legislation.

## **Article 11. Settlement of Disputes between the Contracting Parties**

1. Disputes between the Contracting Parties concerning the interpretation or application of this Agreement shall be resolved through negotiations.

2. If so the dispute is not resolved, then at the request of either Contracting Party, it shall be referred to the arbitral tribunal.

3. Such an arbitral tribunal shall be established for each individual case as follows. Each Contracting Party shall appoint one member of the arbitration tribunal within two months from the date of receipt of the notification of the arbitration proceedings. Then, these two members shall elect a national of a third State who, with the consent of both Contracting Parties shall be appointed Chairman of the Court within one month from the date of appointment of the other two members of the court.

4. If within the periods specified in paragraph 3 of this Article, the necessary appointments have been made, in the absence of other agreement, either Contracting Party may request the International Court of Justice to make the necessary appointment. 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, make the necessary appointments will be offered to the deputy chairman of the International Court of Justice. If the deputy chairman of the International Court of Justice is also a national of either Contracting Party or is otherwise unable to discharge the said function, make the necessary appointments will be offered next in seniority of the member of the International Court of Justice who is not a national of either Contracting Party.

5. The arbitral tribunal shall render its decision by majority vote. This decision will be final and binding on both Contracting Parties. Each Contracting Party shall bear the expenses related to the activities of its own member of the court and its representation in the arbitration proceedings; costs associated with the chairman of the court activity, and other expenses will be borne by the Contracting Parties in equal shares. However, the Court may in its decision that one

Contracting Party shall bear the greater share of the costs, and the decision will be binding on both Contracting Parties. The arbitral tribunal shall determine its own procedure.

## **Article 12. Consultations**

The Contracting Parties shall at the request of any of them, shall hold consultations on matters relating to the interpretation or application of this Agreement.

## **Article 13. 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 Parties since 16 December 1991.

The provisions of this Agreement shall apply in respect of disputes referred to in Articles 10 and 11 of this Agreement, upon its entry into force.

## **Article 14. Applicability of other Regulations**

1. If the issue is governed both by this Agreement and other international agreements to which both Contracting Parties, nothing in this Agreement will not prevent the Contracting Parties, or any investors who invest in the territory of the other Contracting Party, to take advantage of the rules that They are more favorable with respect to its case.

2. If the mode that is provided by one Contracting Party to investors of the other Contracting Party in accordance with the

provisions of the contracts concluded between them is more favorable than that accorded by this Agreement, the investors of the latter Contracting Party shall be granted more favorable treatment.

## **Article 15. Entry Into Force and Duration of the Agreement**

1. This Agreement shall enter into force on the date of receipt of the last notification of completion by the Contracting Parties of the internal procedures necessary for its entry into force.

2. This Agreement shall remain in force for fifteen years. At the end of this period, it will remain in force until the expiration of twelve months from the date of written notification by one of the Contracting Parties of its intention to terminate this Agreement.

3. This Agreement may be amended by mutual written consent of the Contracting Parties. Any amendment shall enter into force from the date of receipt of the last notification on the fulfillment by the Contracting Parties of internal procedures necessary for its entry into force.

4. With respect to investments made prior to the date of termination of this Agreement and covered by its action, the provisions of Articles 1 to 14 of this Agreement shall remain in force for a period of fifteen years from that date.

Done in Moscow on 6 July 1998 in two originals, each in the Russian and Kazakh languages, both texts being equally authentic.

In case of any inconsistency, the text in Russian shall prevail.

(Signatures)