AGREEMENT BETWEEN THE GOVERNMENT OF THE KINGDOM OF NORWAY AND THE GOVERNMENT OF THE RUSSIAN FEDERATION ON PROMOTION AND MUTUAL PROTECTION OF INVESTMENTS

The Government of the Kingdom of Norway and the Government of the Russian Federation, hereinafter referred to as the "Contracting Parties",

Desiring to develop the economic cooperation between the two States,

Endeavouring to encourage and create favourable conditions for investments by investors of one Contracting Party in the territory of the other Contracting Party on the basis of equality and mutual benefit.

Conscious that the promotion and mutual protection of investments in accordance with this Agreement will stimulate the business initiative,

Have agreed as follows:

Article 1. Definitions

For the purpose of this Agreement:

The term "investment" means any kind of asset invested in the territory of one Contracting Party in accordance with its laws and regulations by an investor of the other Contracting Party and includes in particular:

a) Movable and immovable property, related property rights such as mortgages as well as leases;

b) Shares, stocks, bonds and any other forms of participation in companies or enterprises;

c) Claims to money which has been used to create an economic value or claims to any performance under contract having an economic value;

d) Intellectual property rights as well as technology, know-how and good-will;

e) Rights conferred by law or under contract, to undertake any commercial activity, including the rights to search for, or the cultivation, extraction or exploitation of natural resources.

The term "investor" means with regard to each Contracting Party:

a) Any natural person having the citizenship of that Contracting Party in accordance with its legislation;

b) Any legal entity, including a corporation, company, firm, enterprise or association incorporated or constituted in the territory of that Contracting Party in accordance with its legislation;

Provided that the natural person or the legal entity is entitled in accordance with the legislation of that Contracting Party to make investments in the territory of the other Contracting Party.

The term "returns" means the amounts yielded by an investment, and includes in particular profit, capital gains, interests, dividends, royalties and other fees.

The term "territory" means the territory of the Kingdom of Norway or the territory of the Russian Federation including the land territory, internal waters and the territorial sea, as well as the continental shelf over which the state concerned exercises in accordance with international law, sovereign rights and jurisdiction for the purpose of exploring it and exploiting its natural resources.

Article 2. Promotion and Mutual Protection of Investments

Each Contracting Party will promote in its territory investments by investors of the other Contracting Party and admit such investments in accordance with its legislation.

Each Contracting Party guarantees in accordance with its legislation protection of investments made by investors of the other Contracting Parry in its territory.

Article 3. Treatment of Investments

Each Contracting Party will accord in its territory for the investments made by investors of the other Contracting Party fair and equitable treatment.

The treatment referred to in paragraph 1 of this Article shall as a minimum not be less favourable than that which is granted with regard to investments by investors of any third state.

Subject to paragraphs 1 and 2 of this Article each Contracting Party shall, unless other treatment is required by its legislation, accord in its territory to investments made by investors of the other Contracting Party treatment no less favourable than that which it accords to investments by its own investors.

The most favoured 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:

- In connection with the participation in a free trade area, customs or economic union;

- By virtue of the agreements in the field of economic cooperation of the Russian Federation with the states that constituted the former Union of Soviet Socialist Republics;

- On the basis of the agreements to avoid double taxation, or other arrangements relating to taxation issues.

The provisions of this Article shall also apply to the returns derived from the investments.

Article 4. Compensation for Losses

Investors of one Contracting Party whose investments in the territory of the other Contracting Party suffer losses owing to war, other armed conflict, state of national emergency or other similar events shall be accorded by the latter Contracting Party treatment, as regards restitution, indemnification, compensation or other settlement, no less favourable than that which it accords to investors of any third state.

Article 5. Expropriation

Investments made by investors of one Contracting Party in the territory of the other Contracting Party cannot be expropriated, nationalised or subjected to other measures having a similar effect (hereinafter referred to as "expropriation") except when the expropriation is done for public interest under due process of law, is not discriminatory and is done against prompt, adequate and effective compensation.

Such compensation shall amount to the value of the investments immediately before the date of expropriation and shall be paid without delay and shall after two months from the date of expropriation until the date of payment include interest at a commercial rate established on a market basis.

Article 6. Transfer of Payments In Connection with Investments

Each Contracting Party shall guarantee to investors of the other Contracting Party upon fulfilment by them of all tax obligations, free transfer abroad of payments in connection with their investments, and in particular:

a) Returns;

b) The proceeds due to the investor from the sale or liquidation of all or any part of an investment;

c) Funds in repayment of borrowings related to an investment;

d) Compensation provided for in Article 5 of this Agreement;Article 5 of this Agreement;

e) Unspent wages of personnel engaged from abroad in connection with an investment.

Transfer of payments, as specified in paragraph 1 of this Article, shall be made without delay in the free convertible currency in which the investment has been made or in any other free convertible currency by the investor's choice. Transfer of payments shall be made at the rate of exchange applicable on the date of transfer pursuant to the exchange regulations in force of the Contracting Party in whose territory the investment has been made.

Article 7. Subrogation

A Contracting Party or its designated agency having made payment to an ensured investor in accordance with a guarantee issued for non-commercial risks connected with an Investment in the territory of the other Contracting Party, is by virtue of subrogation, entitled to exercise the rights of the investor to the same extent as the said investor. The said rights should be exercised in accordance with the legislation of the latter Contracting Party

Article 8. Disputes between an Investor of One Contracting Party and the other Contracting Party

Disputes between an investor of one Contracting Party and the other Contracting Part arising in connection with an investment in its territory and concerning the consequences of the non-implementation, or of the incorrect implementation of the obligations under the Agreement shall, to the extent possible, be settled amicably.

If such a dispute has not been amicably settled within a period of six months from written notification of a claim, it may be submitted by either party to the dispute to:

a) Ad hoc arbitration tribunal established under the arbitration rules of the United Nations Commission on International Trade Law (UNCITRAL), orarbitration rules of the United Nations Commission on International Trade Law (UNCITRAL), or

b) The Institute of Arbitration of the Chamber of Commerce in Stockholm.

The arbitral awards are recognised and enforced in accordance with the Convention on the Recognition and Enforcement of Foreign Arbitral Awards done in New York on June 10 1958.

Article 9. Consultations

The Contracting Parties shall, whenever needed, hold consultations in order to review the interpretation on or application of this Agreement as well as about the possibility to reach consent on its extention to the exclusive economic zones of the Kingdom of Norway and the Russian federation. These consultations shall be held on the proposal of either of the Contracting Parties.

Article 10. Disputes between the Contracting Parties

Disputes between the Contracting Parties concerning the interpretation or application of this Agreement shall, as far as possible, be settled through negotiations between the Contracting Parties.

If a dispute between the Contracting Parties cannot thus be settled within six months after the beginning of negotiations, it shall upon the request of either Contracting Party be submitted to an arbitral tribunal.

Such an arbitral tribunal shall be constituted for each individual case in the following way:

Within three months from the receipt of the request for arbitration, each Contracting Party shall appoint one member of the arbitral tribunal. These two members shall then elect a national of a third state who on approval by the two Contracting Parties shall be appointed 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.

If within the periods specified above in 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 the necessary appointments. If the President of the International Court of Justice is a national of either Contracting Party or if he is otherwise prevented from discharging the said function, the Vice-President of the International Court of Justice shall be invited to make the necessary appointments. If the Vice-President is a national of either Contracting Party or is otherwise prevented from discharging 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.

Each Contracting Party shall bear the cost of its own member of the tribunal and of its representation in the arbitral

proceedings. The cost of the chairman and the remaining costs shall be borne in equal parts by the Contracting Parties.

The arbitral tribunal reaches its decision on the basis of the provisions of this Agreement as well as on the principles and norms of international law.

The arbitral tribunal reaches its decision by a majority of votes. Such decision shall be final and binding on both Contracting Parties.

All others procedures will be determined by the arbitral tribunal.

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 after 1 January 1960. In respect of "Arkticugol" company this Agreement shall be applied as of 1 January 1925.

Article 12. Application of other Rules

If on the basis of the legislation of a Contracting Party or on the basis of an international agreement binding upon both Contracting Parties, investments of an investor of the other Contracting Party is accorded treatment more favourable than that which is provided for in this Agreement, the more favourable treatment shall apply.

Article 13. Entry Force of the Agreement

Each Contacting Party shall notify the other Contracting Party in writing of the completion of the 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.

Article 14. Duration and Termination of the Agreement

1. This Agreement shall remain in force for a period of fifteen years. Thereafter it shall continue in force until the expiration of twelve months from the date on which either Contracting Party shall have given written notice of its intention to terminate this Agreement to the other Contracting Party.

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

Done at Oslo on 4 October 1995 in duplicate in the Norwegian, Russian and English languages, all texts being equally authoritative. In case of divergency of interpretation, the English text shall be used.

For the Government of the Kingdom of Norway

For the Government of the Russian Federation