

# **AGREEMENT BETWEEN THE GOVERNMENT OF THE RUSSIAN FEDERATION AND THE GOVERNMENT OF THE REPUBLIC OF UZBEKISTAN ON PROMOTION AND MUTUAL PROTECTION OF INVESTMENT**

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

Guided by the Agreement on Cooperation in the Field of Investment Activities of December 24, 1993, the Treaty on the Fundamentals of Interstate Relations, Friendship and Cooperation between the Republic of Uzbekistan and the Russian Federation of May 30, 1992 and the Treaty on the Deepening of Economic Integration between the Republic of Uzbekistan and the Russian Federation of March 2, 1994 of the year,

Wishing to create favorable conditions for increasing investments of investors of one Contracting Party in the territory of the other Contracting Party,

Recognizing that the promotion and mutual protection of investments based on this Agreement will promote the development of mutually beneficial trade, economic and scientific and technical cooperation, agreed on the following:

## **Article 1. Definitions**

For the purposes of this Agreement:

1. The term "investor" means:

- a) any legal entity established in accordance with the legislation in force in the territory of that Contracting Party, provided that such legal entity is entitled, in accordance with the legislation of its Contracting Party, to invest in the territory of the other Contracting Party;
- b) any natural person who is a citizen of a Contracting Party and competent in accordance with the legislation of that Contracting Party to invest in the territory of the other Contracting Party.

2. The term "investment" means any kind of property values and rights to them that are 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, as well as relevant property rights;
- B) cash, as well as shares, deposits and other forms of participation;
- C) the rights of claim for funds that are invested to create economic values, or services of economic value related to investments;
- D) exclusive rights to objects of intellectual property, in particular: copyrights, rights to inventions, industrial designs, utility models, trademarks or service marks, as well as rights to technology, information of commercial value, and know-how;
- E) the right to carry out entrepreneurial activity, provided on the basis of a law or a contract to maintain economic activity.

No change in the form in which property values are invested or reinvested will affect their qualifications as investments, provided that such a change does not conflict with the legislation of the Contracting Party in whose territory the investment is made.

3. The term "income" means amounts received as a result of investments in accordance with paragraph 2 of this article and includes, in particular: profits, dividends, interest, license fees and commissions, and other fees.

4. The term "territory" means the territory of the Russian Federation, and also includes its exclusive economic zone and continental shelf, or the territory of the Republic of Uzbekistan.

5. The term "legislation of a Contracting Party" means the legislation of a Contracting State.

## **Article 2. Promotion and Protection of Investments**

1. Each of the Contracting Parties shall encourage investors of the other Contracting Party to invest in its territory and to allow such investments in accordance with its legislation.

2. Each of the Contracting Parties guarantees, in accordance with its legislation, full and unconditional legal protection for investments of investors of the other Contracting Party.

## **Article 3. Investment Regime**

1. Each of the Contracting Parties shall ensure on its territory investments made by investors of the other Contracting Party and activities in connection with such investments, a fair and equitable regime that excludes the application of measures of a discriminatory nature that might interfere with the management and disposal of investments.

2. The regime referred to in paragraph 1 of this article will be no less favorable than the regime that is granted to investments and activities in connection with investments of own investors or investors of any third state.

3. Each of the Contracting Parties reserves the right to determine the sectors and areas of activity in which the activities of foreign investors are excluded or restricted.

4. The most-favored-nation treatment granted in accordance with paragraph 2 of this article shall not apply to benefits that the Contracting Party grants or will provide in the future:

In connection with participation in existing or possible in the future customs, currency and payment unions, free trade zones and common tariffs, common market and other forms of agreements on regional economic integration, to which one of the Contracting Parties is or may become a party;

On the basis of an agreement on avoidance of double taxation or other international agreements on taxation issues.

## **Article 4. Transfer of Payments**

1. Each of the Contracting Parties guarantees to investors of the other Contracting Party, after fulfilling all their tax obligations, the unrestricted transfer abroad of payments in connection with investments, and in particular:

A) the amount of initial investment and additional amounts to maintain and increase investment;

B) income, as defined in paragraph 3 of Article 1;

C) amounts paid in repayment of loans recognized by both Contracting Parties as investments;

D) amounts received by the investor in connection with partial or complete liquidation of investments;

E) compensation, according to the articles of this Agreement;

F) wages and other rewards received by key personnel of another

A Contracting Party that is authorized to work in connection with investments in the territory of the first Contracting Party.

2. The transfer of payments provided for in this Agreement shall be effected without delay, during the time normally required for the performance of the required formal actions and made in the currency in which the investment was made or in freely convertible currency at the exchange rate applicable at the date of transfer in accordance with the current rules of currency regulation of the Contracting Party on whose territory the investment is made.

3. Income or other amounts in any currency specified in this Article and received by investors of the State of one Contracting Party as a result of investments in the territory of the State of the other Contracting Party from sources at the investing site may be reinvested or used for other purposes in the territory of the State of the latter Contracting Party Parties in accordance with its legislation.

## **Article 5. Expropriation**

1. Investments of one of the Contracting Parties carried out in the territory of the other Contracting Party shall not be expropriated, nationalized or subjected to measures equal to the consequences of expropriation (hereinafter referred to as expropriation), unless such measures are taken in the public interest in accordance with the procedure established by law, are not discriminatory and are accompanied by the payment of effective and adequate compensation.

2. Compensation must correspond to the market value of the expropriated investments, determined immediately before the moment when it became officially known about the actual implementation or about the forthcoming expropriation. Compensation will be paid to the investor without undue delay in the currency in which the investment was made or in freely convertible currency and freely transferable from the territory of one Contracting Party to the territory of the other Contracting Party. Until the date of payment, interest will be accrued for the amount of compensation according to the interest rate applicable in the territory of the Contracting Party that has expropriated.

3. Requisition and confiscation can be carried out only in the cases and in the manner provided for by the legislation of the Contracting Party.

## **Article 6. Compensation for Damage**

Investors of one of the Contracting Parties whose investments are damaged in the territory of the other Contracting Party due to war, civil unrest or other similar circumstances will be granted a no less favorable compensation regime than that which the last Contracting Party grants to investors of any third state in respect of any measures, which it accepts in connection with such damage.

## **Article 7. Subrogation**

The Contracting Party or its authorized body that will make payment to the investor on the basis of a guarantee against non-commercial risks in connection with its investments in the territory of the other Contracting Party will be able to subrogate the rights and requirements of the investor to the same extent as the investor itself.

## **Article 8. Transparency**

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

## **Article 9. Consultations**

The Contracting Parties shall, at the request of any one of them, consult on matters pertaining to the interpretation or application of this Agreement.

## **Article 10. Settlement of Disputes between the Contracting Party and the 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 concerning the amount, conditions, or procedure for payment of compensation, or the procedure for making transfers of payments provided for in this Agreement, shall be the subject of a written notification accompanied by detailed comments that the investor will send to the Contracting Party participating in the dispute. The parties to the dispute will seek to resolve such a dispute through negotiations.

2. In the event that the investor or one of the Contracting Parties has determined the investment contract by certain procedures, the procedures established by the investment agreement shall apply.

3. If in such a manner the dispute is not resolved within six months from the date of the written notification referred to in paragraph 1 of this article, it will be referred to:

A) the competent court or arbitration of the Contracting Party in whose territory the investment is made;

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

4. The award shall be final and binding on both parties to the dispute. Each of the Contracting Parties undertakes to bring such a decision in compliance with its legislation.

## **Article 11. 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 and consultations.
2. If in such a manner the dispute is not settled within six months from the moment of its occurrence, then at the request of any of the Contracting Parties it will be referred to the arbitral tribunal.
3. Such an arbitration court will be created for each specific case

In the following way.

Each of the Contracting Parties will appoint one member of the arbitral tribunal within two months from the date of receipt of the notice of arbitration. Then these two members of the court will elect a citizen of a third state who, with the consent of both Contracting Parties, will be appointed by the chairman of the court within a month from the date of appointment of the two other members of the court.

4. If the necessary appointments are not made within the time limits specified in paragraph 3 of this article, in the absence of any other agreement, any of the Contracting Parties may apply to the chairman of the International Court of Justice to make the necessary appointments. If the President of the International Court of Justice is a citizen of one of the Contracting Parties or for other reasons can not fulfill this function, the Vice-President of the International Court of Justice will be invited to make the necessary appointments. If the vice-president of the International Court of Justice is also a citizen of one of the Contracting Parties or for other reasons can not fulfill this function, the necessary appointments will be made to the next-highest-ranking member of the International Court of Justice who is not a citizen of either of the Contracting Parties.
5. The arbitral tribunal shall render its decision by a majority of votes. Such a decision will be final and binding on both Contracting Parties.
6. Each of the Contracting Parties shall bear the costs associated with the activities of its appointed member of the court and its representation in the arbitral proceedings; costs related to the activities of the chairman of the court, as well as other costs, the Contracting Parties will be borne in equal shares. The Court, however, may provide in its decision that one of the Contracting Parties will bear a larger share of the costs, and such a decision will be binding on both Contracting Parties. The arbitration court will determine the order of its work independently.

## **Article 12. Application of other Rules and Special Obligations**

1. If the provisions of another international agreement in which both Contracting Parties participate or will participate, or the rules of law of either Contracting Party establish a regime more favorable than that provided for in this Agreement, a more favorable regime will be applied.
2. The Contracting Party shall, in accordance with its legislation relating to the entry, stay and work of natural persons who are not its nationals, permit individuals who are investors of the other Contracting Party and key personnel employed by legal persons of that Contracting Party to enter and remain on Its territory for the purpose of carrying out activities in connection with investments.
3. The Contracting Party shall, in accordance with its legislation, authorize investors of the other Contracting Party that have made investments in the territory of the first Contracting Party to hire any key personnel of their choice, regardless of nationality, provided that such a key personnel Entry, stay and work in the territory of the first

Of the Contracting Party and that this work is in compliance with the conditions and time limits established in the authorization issued to such an employee of the key personnel category.

## **Article 13. Applicable Laws**

Unless otherwise provided for in this Agreement, all investments in accordance with this Agreement will be governed by legislation in force in the territory of the Contracting Party where the investment was made.

## **Article 14. Application of the Agreement**

This Agreement will apply to all investments made by investors of one of the Contracting Parties in the territory of the other Contracting Party, regardless of whether they were made before or after the entry into force of this Agreement.

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

1. Each of the Contracting Parties shall notify the other Contracting Party in writing of the implementation of the domestic procedures necessary for the entry into force of this Agreement. This Agreement shall enter into force on the date of the last notification.

2. This Agreement shall remain in force for a period of ten years. The validity of this Agreement shall be automatically extended for the next five-year periods if none of the contracting Parties, twelve months before the expiry of the relevant period, notifies in writing the other Contracting Party of its intention to terminate this Agreement.

3. This Agreement may be amended by mutual written consent of the Contracting Parties. Any amendment will enter into force after each of the

The Contracting Parties shall notify the other Contracting Party in writing of the implementation of the domestic procedures required for the amendment to enter into force.

4. With respect to investments made prior to the date of termination of this Agreement and subject to it, the provisions of all other articles of this Agreement will remain in effect for the next ten years after this date.

Done in the city of Tashkent on December 22, 1997, in duplicate, each in the Russian and Uzbek languages, both texts being equally authentic.