

# AGREEMENT

BETWEEN THE GOVERNMENT OF THE RUSSIAN FEDERATION AND THE GOVERNMENT OF THE REPUBLIC OF INDONESIA On Investment Protection

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

Bearing in mind the friendly ties and relations

Cooperation

Between the two countries,

Intending to create favorable conditions for

Investments of investors of one Contracting Party in

Territory of the other Contracting Party,

Recognizing that the promotion and protection of investments on the basis of

This Agreement will stimulate mutual inflow

Capital of both states,

Have agreed as follows:

## Article 1. Definitions

For the purposes of this Agreement:

a) the term "investors" means in respect of each of the Contracting Parties:

(i) Natural persons who, in accordance with the laws and other normative legal acts of the Contracting Parties shall be regarded as nationals of its State;

(ii) legal entities established or established in accordance with the laws and other normative legal acts of the Contracting Parties and having their headquarters on the territory of that Contracting Party;

b) the term "investment" means every kind of asset invested by investors of one Contracting Party in the territory of the other Contracting Party in accordance with the laws and other normative legal acts of the latter Contracting Party, including, but not limited to:

(i) Movable and immovable property and property rights, including such as mortgage, pledge and guarantee; i) shares, stocks and other equity of a legal entity;

(ii) rights to the cash flows, invested for the purpose of creating economic value, or under contracts that have

(iii) the economic value associated with an investment;

(iv) exclusive rights to intellectual property, including but not limited to copyrights, patents, industrial designs, utility models, trademarks and service marks, technology, information having a commercial value, and know-how;

(v) the right to carry out business activities conferred by law or contract relating, in particular, the exploration, development, production and exploitation of natural resources.

No change to the form in which are invested or reinvested property values do not affect their character as investments,

provided that such changes do not contradict the laws and other normative legal acts of the Contracting Party in whose territory the investments were made;

3) the term "proceeds" means money received from investments, including, but not limited to: earnings, interest, capital gains, dividends, royalties and license fees.

4) the term "territory of a Contracting Party" means, in respect of the Russian Federation: Russian Federation territory, as well as its exclusive economic zone and continental shelf, defined in accordance with the United Nations Convention on the Law of the Sea (1982);

In respect of the Republic of Indonesia: the territory of the Republic of Indonesia in accordance with the provisions of international law and its domestic legislation includes the land territory, the territorial sea, its seabed and subsoil, the archipelagic waters, internal waters and air space over the land territory and the territorial sea over which the Republic of Indonesia exercises sovereignty, as well as the exclusive economic zone and continental shelf over which the Republic of Indonesia has sovereign rights in accordance with the United Nations Convention on the law of the Sea (1982).

5) The term "freely convertible currency" means the currency that the International Monetary Fund periodically determines a freely convertible currency in accordance with the Articles of Agreement of the International Monetary Fund and additions to it;

6) the term "the laws and other normative legal acts of the Contracting Party" means the laws and other regulations

Legal acts of the Russian Federation or the laws and other normative legal acts of the Republic of Indonesia.

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

Each Contracting Party shall endeavor to create favorable conditions for investors of the other Contracting Party to make investments in its territory and admit such investments in accordance with its laws and regulations.

Each Contracting Party shall ensure, in accordance with its laws and other normative legal acts of the protection in its territory investments of investors of the other Contracting Party.

## **Article 3. Investment Regime**

1. Each Contracting Party shall ensure in its territory fair and equitable treatment to investments made by investors of the other Contracting Party in respect of the ownership, use and disposal of such investments.

2. The regime referred to in paragraph 1 of this Article shall not be less favorable than that accorded to the Contracting Party in whose territory the investments, the investments of its own investors, in accordance with the laws and other normative legal acts of the Contracting Party, or the investments of investors any third state depending on which one of them, according to investors, is more favorable.

3. Each Contracting Party reserves the right to apply and to introduce, in accordance with its laws and other normative legal acts of the exemptions from national treatment specified in paragraph 2 of this article.

4. Most favored nation treatment granted in accordance with paragraph 2 of this article should not be construed as obliging one Contracting Party to extend to the investments of investors of the other Contracting Party the benefit of any treatment, preference or privilege which may be granted to the former Contracting Party under:

Any customs union, free trade area, monetary union or international agreements leading to the establishment of such unions to which is or may become the first

Contracting Party;

Agreements on avoidance of double taxation or other agreements on taxation; Russian agreements with the countries of the former Union of Soviet Socialist Republics.

5. Without prejudice to the provisions of Articles 4, 5 and 8 of this Agreement, the Contracting Parties shall grant each other treatment no more favorable than that accorded by each Contracting Party in accordance with the Agreement Establishing the World Trade Organization (WTO Agreement) on April 15, 1994 including obligations under the General agreement on trade in services (GATS).

## **Article 4. Expropriation**

Investments of investors of one Contracting Party made in the territory of the other Contracting Party shall not be nationalized, expropriated or subjected to measures effect equivalent to nationalization or expropriation (hereinafter referred to as - expropriation) except for cases when such measures are taken in the public interest and in accordance with the procedure established by laws and other normative legal acts of the latter Contracting Party, on a non-discriminatory basis and entail the payment of prompt, adequate and effective compensation.

Compensation shall correspond to the market value of the expropriated investment calculated on the date immediately preceding the date of expropriation or the date when it became common knowledge about the impending expropriation, depending on which event occurs first. Compensation shall be paid in freely convertible currency.

3. Compensation shall be paid without delay. In case of delay the amount of compensation should also include interest calculated from the date of expropriation until the date of payment of compensation at a rate equivalent to a commercial rate established on a market basis, but not below LIBOR for the respective loans in US dollars.

## **Article 5. Damages**

Investors of one Contracting Party whose investments in the territory of the other Contracting Party causes damage due to war or other armed conflict,

Revolution, state of national emergency, revolt, insurrection or riot in the territory of the latter Contracting Party, the latter Contracting Party shall be accorded in respect of restitution, indemnification, compensation or other type of settlement, treatment no less favorable than that which the latter Contracting Party accords to its own investors or investors of any third state, depending on which of them, according to the investor, is more favorable.

## **Article 6. Transfer of Payments**

1. Each Contracting Party shall guarantee to investors of the other Contracting Party, after fulfillment of all tax obligations and in accordance with its laws and other normative legal acts in respect of investments of investors of the other Contracting Party free transfer in its territory and abroad of payments related to their investments, and in particular:

(A) the additional funds used to maintain or increase investments;

(B) income from investments;

(C) funds received from the sale, and the total or partial liquidation of investments;

(D) funds in repayment of loans related to investments;

(E) compensation payable in accordance with Articles 4 and 5 of this Agreement;

(\*) Remuneration received by nationals of the other Contracting Party who are allowed to work in connection with investments made in the territory of the first Contracting Party;

(F) amounts received or paid in settlement of a dispute in accordance with Article 8 of this Agreement.

2. Payments referred to paragraph 1 of this Article shall be converted into freely convertible currency at the market rate of exchange applicable on the date of conversion. Transfers of such payments in freely convertible currency must be resolved without delay.

3. Conversion and transfer of payments referred to in paragraph 2 of this Article shall be made in accordance with the requirements of laws and other normative legal acts of the Contracting Party in whose territory the investments were made.

## **Article 7. Subrogation**

In the case where one Contracting Party or its designated agency makes payments to its investors on the basis of guarantees against non-commercial risks in connection with their investments in the territory of the other Contracting Party, the latter Contracting Party shall recognize the acquisition of the former Contracting Party or its designated authority of all rights or claims of such investors. Such rights or claims shall not exceed the original rights or claims of these investors transferred by subrogation. Such rights or claims made in accordance with the laws and other normative legal acts of the latter Contracting Party.

## **Article 8. Settlement of Disputes between a Contracting Party and Investors of the other Contracting Party**

1. Any disputes regarding investments between the investors of one Contracting Party and the other Contracting Party shall be settled, if possible, amicably through negotiations and consultations.

2. If the dispute can not be settled amicably through consultations and negotiations within six months from the date of the request of either party to hold a debate of such consultations and negotiations, such disputes may be referred to select an investor for the permission:

(A) as the competent court of the Contracting Party in whose territory the investments were made; or

(B) , the arbitral tribunal hell nose in accordance with the Arbitration Rules of the International Trade Law of the United Nations Commission (UNCITRAL); or

(C) for the International Centre for Settlement of Investment Disputes, established pursuant to the Convention on the Settlement of Investment Disputes between States and Nationals of Other States, signed in

Washington, 18 March 1965, provided that the Convention entered into force for both Contracting Parties; or in accordance with the Additional Facility Rules of the International Centre for Settlement of Investment Disputes in case the Convention has not entered into force for one or both of the Contracting Parties.

3. The arbitral award is final and binding

For both sides of the dispute. Each Contracting Party shall ensure the implementation of such a decision in accordance with its laws and regulations.

## **Article 9. Settlement of Disputes between the Contracting Parties**

1. Any dispute between the Contracting Parties concerning the interpretation or application of this Agreement shall, if possible, through consultations through diplomatic channels.

2. If a dispute between the Contracting Parties can not be settled in this way, at the request of either Contracting Party, he referred to the arbitral tribunal.

3. The arbitral tribunal shall be constituted for each individual case as follows. Within three months after receipt of the request for arbitration, each Contracting Party shall appoint one member of the arbitral tribunal. Then, these two members shall elect a citizen of a third State, who on approval of the two Contracting Parties shall be appointed Chairman of the arbitral tribunal. Chairman of the arbitral tribunal shall be appointed within two months from the date of appointment of the other two members.

4. If within the periods specified in paragraph 3 of this Article, the necessary appointments have not been made, then, in the absence of any other agreement between the Contracting Parties, any contracting party may request the President of the International Court of Justice (hereinafter - the International Court of Justice) to make the necessary appointments. If the chairman of the International Court of Justice is a national of either Contracting Party or is otherwise unable to discharge the said function, then make the necessary appointments invited the Deputy President of the International Court. If the deputy chairman of the International Court of Justice is a national of either Contracting Party or is otherwise unable to discharge the said function, then make the necessary appointments offered to the next in seniority member of the International Court of Justice who is not a national of either Contracting Party in respect of which There are no other reasons that prevent it from fulfilling this request.

5. The arbitral tribunal shall render its decision by majority vote.

Such decision shall be binding on both Contracting Parties. Each Contracting Party shall bear the expenses related to the activities of the arbitral tribunal of its own member and of its representation in the arbitration proceedings.

The costs associated with the arbitration court Chairman and other expenses The Contracting Parties shall bear in equal shares. The arbitral tribunal may, however, provide in its decision that one of the Contracting Parties shall bear a larger share of the costs, and the decision will be binding on both Contracting Parties. The arbitral tribunal shall determine its own procedure.

## **Article 10. Application of the Agreement**

This Agreement shall apply to investments made after 1 January 1991 by investors of either Contracting Party in the territory of the other Contracting Party. However, this Agreement does not apply to disputes and any requirements relating to

investment that have arisen prior to its entry into force.

## **Article 11. 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 12. Entry Into Force, Duration, Amendments and Termination**

### **Actions**

1. Each Contracting Party shall notify the other Contracting Party of the completion of internal procedures necessary for the entry into force of this Agreement. This Agreement shall enter into force on the date of the last of the two notifications.

2. This Agreement shall remain in force for ten years.

After this period it shall be automatically extended for successive five-year periods, unless either Contracting Party notifies the other Contracting Party at least twelve months prior to the expiry of the period of its intention to terminate this Agreement.

3. This Agreement may be amended in writing by mutual consent of the Contracting Parties. Any amendments shall enter into force after each

Contracting Party shall notify the other Contracting Party of the fulfillment of all internal procedures necessary for the entry into force of such amendments.

4. With respect to investments made prior to the date of termination of this Agreement and subject to its application, the provisions of all other articles of this Agreement shall remain in force for the next ten years from the date of termination of this Agreement.

IN WITNESS WHEREOF the undersigned, duly authorized thereto by their respective Governments, have signed this Agreement.

Done in Jakarta September 6, 2007 in two copies, each in Russian, Indonesian and English languages, all texts being equally authentic. In case of any discrepancy in the interpretation of this Agreement, the English text.

For the Government of the Russian Federation For the Government of the Republic of Indonesia