AGREEMENT BETWEEN THE GOVERNMENT OF THE REPUBLIC OF INDONESIA AND THE GOVERNMENT OF TURKMENISTAN CONCERNING THE PROMOTION AND PROTECTION OF INVESTMENTS

The Government of the Republic of Indonesia and the Government of Turkmenistan (hereinafter referred to as "Contracting Parties");

Bearing in mind the friendly and cooperative relations existing between the two countries and their peoples

Intending to create favourable conditions for investments by nationals of one Contracting Party on the basis of sovereign equality and mutual benefit; and

Recognizing that the Agreement on the Promotion and Protection of such Investments will be conducive to the stimulation of investment activities in both countries;

Have agreed as follows:

Article I. Definitions

For the purpose of this Agreement:

1. The term "investments" shall mean any kind of asset invested by nationals of one Contracting Party in the territory of the other Contracting Party, in conformity with the laws and regulations of the latter, including, but not exclusively:

a. movable and immovable property as well as other rights such as mortgages, privileges, and guarantees and any other similar rights;

b. rights derived from shares, bonds or any other form of interest in companies or joint venture in the territory of the other Contracting Party;

c. claims to money or to any performance having a financial value;

d. intellectual property rights, technical processes, goodwill and know-how

e. business concessions conferred by law or under contract related to investment including concessions to search for or exploit natural resources.

2. The term "nationals shall comprise with regard to either Contracting Party:

(i) natural persons having the nationality of that Contracting Party;

(ii) legal persons constituted under the law of that Contracting Party;

3. The term "without delay" shall be deemed to be fulfilled if a transfer is made within such periode as is normally required by international financial practices.

4. "Territory" shall mean:

a. In respect of the Republic of Indonesia;

The territory of the Republic of Indonesia as defined in its laws and parts of the continental shelf and adjacent seas over which the Republic of Indonesia has sovereignty, sovereign rights or jurisdiction in accordance with the 1982 United Nations Convention on the Law of the Sea;

b. In respect of Turkmenistan:

The term "territory" means Turkmenistan's territory and its territorial sea adjacent to the coastal line in accordance with international law upon which Turkmenistan has sovereign rights, and jurisdictional rights to explore, research, exploit, produce and utilize as well as conserve the natural resources in the territory.

Article II. Promotion and Protection of Investments

1. Either Contracting Party shall encourage and create favourable conditions for nationals of the other Contracting Party to invest in its territory, and shall admit such capital in accordance with its laws and regulations.

2. Investments of nationals of either Contracting Party shall at all times be accorded fair and equitable treatment and shall enjoy adequate protection and security in the territory of the other Contracting Party.

Article III. Most-favoured-nation Provisions

1. Each Contracting Party shall ensure fair and equitable treatment of the investments of nationals of the other Contracting Party and shall not impair, by unreasonable or discriminatory measures, the operation, management, maintenance, use, enjoyment or disposal thereof by those nationals. Each Contracting Party shall accord to such investment adequate physical security and protection.

2. More particularly, each Contracting Party shall accord to such investments treatment which in any case shall not be less favourable than that accorded to investments of nationals of any third State.

3. If a Contracting Party has accorded special advantages to nationals of any third State by virtue of agreements establishing customs unions, economic unions, monetary unions or similar institutions, or on the basis of interim agreements leading to such unions of institutions, that Contracting Party shall not be obliged to accord such advantages to nationals of the other Contracting Party.

Article IV. Expropriation

Each Contracting Party shall not take any measures of expropriation, nationalization or any other dispossession, having effect equivalent to nationalization or expropriation against the investments of a national of the other Contracting Party except under the following conditions:

(a) the measures are taken for a lawful purpose or public purpose and under process of law;

(b) the measures are non discriminatory;

(c) the measures are accompanied by provisions for the payment of prompt, adequate and effective compensation. Such compensation shall amount to the fair market value without delay before the measure of dispossesion became public knowledge. Such market value shall be determined in accordance with internationally acknowledged practices and methods or, where such fair market value cannot be determined, it shall be such reasonable amount as may be mutually agreed between the Contracting Parties hereto, and such amount shall be freely transferable from the Contracting Party in a freely usable currency

Article V. Compensation for Losses

1. Investors of one Contracting Party, investing in the territory of the other Contracting Party suffering losses from war or other armed conflict, revolution, state in emergency, rebellion, riot or riot, in the territory of the latter Party, shall be granted by The latter party of treatment with respect to restitution, indemnification, compensation or other settlement.

2. Such treatment shall not be less than that provided by the latter Party to investors or investors of a third State, which is more favorable to the investor concerned.

Article VI. Transfers

1. The Parties shall ensure within the scope of laws and regulations relating to direct investment of investors of the other Contracting Party, to transfer over:

(a) Profits, interest, dividends and other income in the current financial year;

(b) Funds required

(i) For the acquisition of raw materials or auxiliaries, semi-finished or finished products, or

(ii) To replace capital assets to protect the sustainability of investment;

(c) Additional funds required for investment development;

(d) Funds for loan repayment;

(e) Royalties or fees for the use of expertise in a particular field;

(f) Personal income;

(g) Acquisition of sale or liquidation of capital;

(h) Compensation for damages;

(i) Compensation for expropriation.

2. Such transfer shall be made at the prevailing exchange rate on the date of transfer, upon the execution of the transaction and in the currency to be transferred.

Article VII. Subrogation

If the investment of an investor of either Contracting Party has been assured of non-commercial risks in accordance with the system under applicable law, any subrogation of the guarantor or Party pledging to third parties the rights of the investor under the terms of the guarantee must is recognized by the other Contracting Party, but no third party guarantors or guarantors shall have the right to exercise any right other than the rights of the invested investor.

Article VIII. Settlement of Investment Disputes between Parties and Investors of other Parties

1. Any dispute between Party and Investor of the other Party, concerning investment of the last-mentioned Party in the former territory, shall be settled through consultation and negotiation.

2. If the dispute can not be resolved within six months of the written notice, which has been filed by either Party, such dispute may, at the request of the concerned investor, be submitted to the judicial proceeding of the Party to which the investment is situated or international arbitration or conciliation.

3. Each Contracting Party shall approve the submission of any dispute arising between the Parties and the investor with the other Party concerning investment in the territories of the aforementioned Party to the International Center for the Settlement of Investment Disputes1 with conciliation or arbitration under the Convention on the Settlement Investment Disputes between States and Investors of other States open to signature in Washington on 18 March 1965.

Article IX. Settlement of Disputes between the Contracting Parties Concerning Interpretation and Application of the Agreement

1. Disputes between the Contracting Parties concerning the interpretation or application of this Agreement should, if possible, be settled through diplomatic channels.

2. If a dispute between the Contracting Parties cannot thus be settled, it shall upon the request of either Contracting Party be submitted to an arbitral tribunal.

3. Such an arbitral tribunal shall be constituted for each individual case in the following way. Within three months of the receipt of the request for arbitration, each Contracting Party shall appoint one member of the tribunal. Those two members shall then select a national of a third State who on approval by the two Contracting Parties shall be appointed Chairman of the tribunal. The Chairman 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, either Contracting Party may, in the absence of any other agreement, invite the President of the International Court of Justice to make any necessary appointments. If the President is a national of either Contracting Party or if he is otherwise prevented from discharging the said function, the Vice-President shall be invited to make the necessary appointments. If the Vice-President is a national of either Contracting Party or if he is too prevented from discharging the said function, the members 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.

5. The arbitral tribunal shall reach its decision by a majority of votes. Such decision shall be binding on both Contracting Parties. 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 tribunal may, however, in its decision direct that a higher proportion of costs shall be borne by one of the two Contracting Parties, and this award shall be binding on both Contracting Parties. The tribunal shall determine its own procedure.

Article X. Applicability of this Agreement

This Agreement shall apply to investments by nationals of Turkmenistan in the territory of the Republic of Indonesia which have been previously granted admission in accordance with the Law No. 1 of 1967 concerning Foreign Investment and any law amending or replacing it, and to investments by nationals of the Republic of Indonesia in the territory of Turkmenistan which have been granted admission in accordance with the Law of Turkmenistan, namely the "International Investments in Turkmenistan of 19 Mei 1992"..

Article XI. Application of other Provisions

If the provisions of law of either Contracting Party or obligations under international law existing at present or established hereafter between the Contracting Parties in addition to the present Agreement contain a regulation, whether general or specific, entitling investments by nationals of the other Contracting Party to a treatment more favourable than is provided for by the present Agreement, such regulation shall to the extent that it is more favourable prevail over the present Agreement.

Article XII. Consultation and Amendment

1. Either Contracting Party may request that consultations be held on any matter concerning this Agreement. The other Party shall accord sympathetic consideration to the proposal and shall afford adequate opportunity for such consultations.

2. This Agreement may be amended at any time, if deemed necessary, by mutual consent.

Article XIII. Entry Into Force. Duration and Termination

1. The present Agreement shall enter into force three months after the date of the latest notification by any Contracting Party of the accomplishment of its internal procedures of ratification. It shall remain in force for a period of ten years and shall continue in force thereafter for another period of ten years and so forth unless denounced in writing by either Contracting Party one year before its expiration.

2. In respect of investments made prior to the date of termination of this Agreement becomes effective, the provisions of Article 1 to 12 shall remain in force for a further period of ten years from the date of termination of the present Agreement.

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

Done in duplicate at Jakarta on this second day of June, 1994, in Indonesian, Turkmen, Russian and English languages.

All texts are equally authentic. If there is any divergence concerning the interpretation, the English text shall prevail.

FOR THE GOVERNMENT OF THE REPUBLIC OF INDONESIA

Signed

SOESILO SOEDARMAN

FOR THE GOVERNMENT OF TURKMENISTAN

Signed

BATYR SARJAEV