

# **AGREEMENT BETWEEN THE GOVERNMENT OF THE RUSSIAN FEDERATION AND THE FEDERAL GOVERNMENT OF THE FEDERAL REPUBLIC OF YUGOSLAVIA ABOUT PROMOTION AND MUTUAL PROTECTION OF INVESTMENTS**

The Russian Government and the Federal Government of the Federal Republic of Yugoslavia, hereinafter referred to as the Contracting Parties,

Referring to the creation of favorable conditions for investments by investors of one Contracting Party in the territory of the other Contracting Party,

Considering that the promotion and reciprocal protection of such investments will contribute to the development of mutually beneficial economic and trade cooperation, have agreed as follows:

## **Article 1. Definitions**

In this Agreement:

1. The term "investor" means:

- a) any natural person who is a national of a Contracting Party;
- b) any legal entity established in accordance with the law of the Contracting Parties and having a location on its territory.

2. The term "investments" covers all kinds of assets, which are invested by the investor of one Contracting Party in the territory of the other Contracting Party in accordance with its legislation, and in particular:

Movable and immovable property, and related property rights, including the right to bail;

Cash as well as shares, stocks and other forms of participation;

The contractual rights to the cash flows that are invested to create economic value, or services having an economic value;

Copyrights, inventions, industrial designs, trademarks or service marks, trade names, as well as technology and know-how;

Right to engage in economic activities, conferred by law or contract, including, in particular, the right to exploration, development and exploitation of natural resources.

3. The term "returns" means amounts yielded by an investment in accordance with paragraph 2 of this article, in particular, as the income (profit share), dividends, interest, royalties and other fees.

4. The term "territory" means the territory, exclusive economic zone and continental shelf of the Contracting Party.

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

1. Each Contracting Party shall encourage investors of the other Contracting Party to make investments in its territory and in accordance with its law admit such investments.

2. Each Contracting Party shall ensure, in accordance with its legislation full and unconditional legal protection to investments of investors of the other Contracting Party.

3. In case of re-investment of income from investments such re-investment and the income from it will be given the same protection as the original investment.

### **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 the 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 that accorded to the investments and activities in connection with the investments of its own investors or investors of any third state.
3. Each Contracting Party shall have the right to maintain or establish in its organic law exemptions from national treatment provided in accordance with paragraph 2 of this article.
4. Most-favored-nation treatment granted in accordance with paragraph 2 of this Article shall not apply to the advantages which the Contracting Party is providing or will provide in the future:

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

By virtue of the agreements of the Russian Federation with the states of the former Union of Soviet Socialist Republics;

By virtue of the Federal Republic of Yugoslavia agreements with countries formerly part of the Socialist Federal Republic of Yugoslavia;

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

### **Article 4. Expropriation**

Investments of investors of either Contracting Party made in the territory of another Contracting Party shall not be expropriated, nationalized or subjected to other measures having similar effects (hereinafter referred to as - expropriation), except in cases where such measures are taken in the public interest in accordance with legislation, They are not discriminatory and are accompanied by payment of prompt and adequate compensation. Compensation should correspond to at least the market value of the expropriated investment immediately before the date when the official was aware of the actual or impending expropriation. Compensation will be paid without unreasonable delay in freely convertible currency and be freely transferred abroad. Until the payment of the amount of compensation will bear interest according to the interest rate of the Contracting Party in whose territory the investments were made.

### **Article 5. Damages**

Investors of one Contracting Party whose investments suffer losses in the territory of the other Contracting Party owing to war or other armed conflict, state of emergency, civil unrest or other similar circumstances, the latter Contracting Party shall provide, in relation to the property recovery, compensation and other forms of settlement regime no less favorable than that accorded to its own investors or investors of any third state.

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

Each Contracting Party shall guarantee to investors of the other Contracting Party after the payment of the relevant taxes and duties free transfer abroad of payments in connection with the investments, and in particular:

- a) the amounts of the initial capital and additional amounts for maintenance and expansion capital expenditures;
- b) income as defined in paragraph 3 of Article 1 of this Agreement;
- 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 5 of this Agreement.

### **Article 7. Subrogation**

If one Contracting Party or its designated agency will make a payment to any of its investors on the basis of guarantees given in respect of investments made in the territory of the other Contracting Party, the latter Contracting Party shall recognize by law or contract the transfer of the former Contracting Party or its designated agency of all the rights and claims

of the investor.

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

Disputes between a Contracting Party and an investor of the other Contracting Party arising in connection with the implementation

Investments, including disputes over the size of the issues, conditions, or order the payment of compensation shall be settled as far as possible by negotiations.

If so the dispute is not resolved within six months from the date of its origin, its consideration may be referred to:

- a) the competent court or tribunal of the Contracting Party in whose territory the investments were made;
- b) the arbitration court ad hoc in accordance with the Arbitration Rules of the International Trade Law of the United Nations Commission (UNCITRAL). The arbitration award shall be final and binding on both Parties to the dispute. Each Contracting Party shall give effect to such a decision in accordance with its legislation.

## **Article 9. Consultations**

The Contracting Parties on the proposal of any of them may be consulted on matters relating to the interpretation or application of this Agreement.

## **Article 10. 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. If so the dispute will not be settled within six months from the date of its occurrence, then at the request of either Contracting Party, it shall be referred to the arbitral tribunal.

2. The arbitral tribunal will be created separately for each case. The Contracting Parties shall appoint one member of the court, as well as co-national of a third State as chairman of the court. The members of the Court shall be appointed within two months and the chairman of the court - within three months from the date when one of the Contracting Parties declares its intention to submit the dispute to an arbitral tribunal.

3. If specified in paragraph 2 of this article the terms are not observed, in the absence of any other agreement, either Contracting Party may request the International Court of Justice to make the necessary appointment.

4. The arbitral tribunal shall render its decision by majority vote. Such a decision would be binding. Each Contracting Party shall bear the expenses related to the activities of its designated member of the court; costs of the chairman, of the tribunal's activity, and other expenses will be borne by the Contracting Parties in equal shares. For all other matters the arbitral tribunal shall determine its own procedure.

## **Article 11. Application of the Agreement**

This Agreement shall apply to all investments made since January 1, 1997 by investors of either Contracting Party in the territory of the other Contracting Party in accordance with its legislation, and will apply from the date of its entry into force.

## **Article 12. Application of other Norms**

If, in accordance with the legislation of one Contracting Party or international agreement to which the parties to both Contracting Parties, investments of investors of the other

Contracting Party or activities in connection with such investments be accorded treatment more favorable than that granted in accordance with this Agreement, will apply more favorable treatment.

## **Article 13. Entry Into Force of the Agreement**

This Agreement shall enter into force on the date of receipt of the last written notification of the completion of the necessary domestic procedures.

## **Article 14. Duration and Termination of Agreement**

1. This Agreement is concluded for a period of fifteen years. It shall be automatically renewed for successive five-year periods, unless either Contracting Party notifies in writing the other Contracting Party at least twelve months prior to the expiry of the period of its intention to terminate this Agreement.
2. In respect of investments made prior to the date of termination of this Agreement, the provisions of this Agreement shall remain in force for a period of fifteen years from that date.

Done in Moscow on 11 October 1995 in two copies, each in the Russian and Serbian languages, both texts being equally authentic.

(Signatures)