AGREEMENT BETWEEN THE GOVERNMENT OF THE REPUBLIC OF CYPRUS AND THE GOVERNMENT OF THE REPUBLIC OF MOLDOVA FOR THE RECIPROCAL PROMOTION AND PROTECTION OF INVESTMENTS

The Government of the Republic of Cyprus and the Government of the Republic of Moldova hereinafter referred to as the "Contracting Parties",

Desiring to extend and intensify the long term economic cooperation between the Contracting Parties on the basis of equality and mutual benefit;

Intending to create favorable conditions for investments by investors of one Contracting Party in the territory of the other Contracting Party;

Have agreed as follows;

Article 1. Definitions

For the purpose of this Agreement

1. The term "investments" means every kind of asset invested by investors, for the purpose of acquisition of economic benefit or other business purpose, of one Contracting Party in the territory of the other Contracting Party in accordance with the legislation of the latter and in particular through not exclusively, shall include

a) Movable and immovable property as well as any other property rights,

b) Rights derived from shares, bonds and other kinds of interests in companies,

c) Claims to money or other claims and rights having an economic value,

d) Intellectual property rights, technical processes and know-how,

Provided that a possible change in the form in which the investments or reinvestments have been made shall not affect their character as investments so long as such a change does not contravene laws and regulations of the Contracting Party in the territory of which the investments were made.

2. The term "income" means those net amounts received from the investments for a certain period of time such as shares of profits, interest royalties an other fees proceeds from total or partial liquidation of investment as well as any other sums emanating from such investment which are considered as income under the laws of the host Contacting Party.

3. The term "investor" means

a) In respect of the Republic of Cyprus

(i) natural persons who have the citizenship of the Republic of Cyprus in accordance with its laws and regulations

(ii) legal persons constituted or incorporated in compliance with the law of the Republic of Cyprus and having their seat in the territory of the Republic of Cyprus

b) In respect of the Republic of Moldova:

(i) Natural persons having their status as the Republic of Moldova citizens m accordance with the law in force in the Republic of Moldova;

(ii) Legal persons or any other legal entity incorporated, constituted or otherwise duly organized under the applicable law of the Republic of Moldova, as well as individual entrepreneurs, having its seat and performing real business activity in the

territory of the Republic of Moldova.

4. The term "territory" means:

a) With respect to the Republic of Cyprus:

The term "territory" designate the land territory, airspace and territorial waters, as well as the exclusive economic zone and the continental shelf that extend outside the limits of the territorial waters of the Republic of Cyprus over which it has jurisdiction and sovereign rights, pursuant to international law,

b) With respect to the Republic of Moldova: geographical area composed by the soil and subsoil, waters and air space over the soil and territorial waters, under which the Republic of Moldova exercises its sovereign rights and jurisdiction, in accordance with its legislation and international law.

Article 2. Promotion and Protection of Investments

1. Each Contracting Party shall promote and shall admit in its territory investments by investors of the other Contracting Party.

2. Investments permitted in compliance with the laws and regulations of the Contracting Party in the territory of which they are made shall enjoy full protection and security which, in any case, shall not be less favorable than that accorded to investments of investors of the Contracting Party m the territory of which the investments are made or of investors of any third State, whichever is more favorable.

3. More particularly, each Contracting Party shall not impair, by unreasonable or discriminatory measures, the operation, management, maintenance, use enjoyment or disposal thereof by the investors

4. In case of approved reinvestments, the incomes ensuing therefrom enjoy the same protection as the original investments.

Article 3. National Treatment and Most Favored Nation Treatment

1. Each Contracting Party shall in its territory accord to investments and incomes of investors of the other Contracting Party treatment which in any case shall not be less favorable than that which it accords to investments and incomes of its own investors or to investments and incomes of investors of any third State, whichever is more favorable to the investors of the other Contracting Party.

2. Neither Contracting Party shall in its territory subject investors of the other Contracting Party, as regards the expansion, management, maintenance, use, enjoyment or disposal of their investments, to treatment less favorable than that which it accords to its own investors or to investors of any third State, which ever is more favourable to the investors of the other Contracting Party.

3. The provisions of paragraphs 1 and 2 of this Article shall not be construed so as to oblige one Contacting Party extend to the investors of the other Contracting Party the benefit of any treatment, preference or privilege resulting from

a) The membership to or association with any existing or future free trade area, customs union, economic union, common market or similar international agreement to which the Contracting Pam is or may become a party,

b) Agreements on avoidance of double taxation or any other arrangements relating wholly or mainly to taxation issues.

4. The treatment referred to in 1 and 2 of this Article will be granted on the basis of reciprocity.

5. Nothing in this Agreement shall prevent either Contracting Party from applying new measures adopted within the framework of one of the forms of regional cooperation referred to in paragraph 3(a) of this Article which replace the measures previously applied by that Contracting Party.

Article 4. Expropriation

1. Investments by investors of one Contracting Party made in the territory of the other Contracting Party shall not be expropriated, nationalized or subjected to requisition or to any other measures equaling m terms of their consequences with expropriation of nationalization (hereinafter referred to as expropriation) except for a public purpose and under due process of law, on a non-discriminatory bases and accompanied by prompt, adequate and effective compensation

2. Such compensation shall amount to the fair market value of the investments affected immediately before the

expropriation or before the impending expropriation became public knowledge m such a way as to effect the value of the investment, whichever is the earlier The compensation shall be paid in a freely convertible currency and made transferable without delay The compensation shall include interest from the date of expropriation until the date of payment at the market rate, applicable at the date of transfer

3. The provisions of paragraph 1 of this Article shall also apply where a Contracting Party expropriates the assets of a company which is constituted under the laws m force in any part of us own territory and m which investors of the other Contracting Party own shares.

Article 5. Compensation for Losses

Investors of either Contracting Parry who suffer losses inducing damages m respect of then: investments m the territory of the other Contracting Party owing to war or other armed conflict, revolution, a state of national emergency, revolt, insurrection or not shall be accorded by the latter Contacting Party treatment, as regards restitution, indemnification, compensation or other settlement no less favorable than that which the latter Contracting Party accords to its own investors or to investors of any third State, whichever is more favorable to the investors of the other Contracting Party.

Article 6. Transfers

1. Each Contracting Party shall guarantee to investors of the other Contracting Party, after the fulfillment of its fiscal obligations, the free transfer of payments relating to their investments. The transfers shall be effected without delay, in a freely convertible currency and ax the bank rate of exchange, applicable on the date of transfer.

2. Such transfers shall include in particular, though not exclusively:

a) Initial capital and additional amounts necessary for the maintenance and development of the investment;

b) Profits, interest, dividends and other current income,

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

d) Royalties and other fees;

e) Proceeds from the total or partial sale or liquidation of an investment;

f) Unspent earnings and other remuneration of nationals engaged from abroad in connection with the investment;

g) Any compensation or other payment referred to in Articles 4 and 5 of this Agreement.

Article 7. Subrogation

1. If a Contracting Party or its designated agency makes a payment under an indemnity, guarantee or contract of insurance given m respect of an investment of an investor in the territory of the other Contracting Party, the latter Contracting Party shall recognize the assignment to the former Contracting Party or its designated agency of all rights and claims of such investor which that Contracting Party or its designated agency shall be entitled to exercise by virtue of subrogation to the same extent as its predecessor in title.

2. In relation to the transfer of payments to the Contracting Party or its authorized-agency by virtue of this assignment the provisions of Article 6 of this Agreement shall apply.

3. Disputes between a Contracting Party and an insurer shall be resolved in accordance with the provisions of Article 10 of this Agreement.

Article 8. Application of other Rules

If the provisions of the law of either Contracting Party or the provisions of an international agreement established between the Contracting Parties contain, at present or hereafter, rules, whether general or specific, entitling investments by investors of the other Contracting Party to a treatment more favorable than that provided for by the present Agreement, such rules shall prevail over the present Agreement.

Article 9. Settlement of Disputes between Contracting Parties

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

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

3. Such arbitral tribunal shall be constituted as follows. Each Contracting Party shall appoint one member of the tribunal and these two arbitrators shall, subject to the provision of the paragraph 5 of this Article, then select a national of a third State who on approval by the two Contracting Parties shall be appointed Chairman of the tribunal. The arbitrators shall be appointed within three months and the Chairman within five months from the date on which either Contracting Party has informed the other that it intends to submit the dispute to an arbitral tribunal.

4. If within the periods specified in paragraph 3 of this Article the necessary appointments have not been made, either Contracting Party may 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 functions 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 too is 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.

5. Chairman of the arbitral tribunal shall be a national of a third State with which both Contracting Parties maintain diplomatic relations.

6. The arbitral tribunal should decide on the basis of respect for the law, including particularly the present Agreement and other relevant agreements existing between the two Contracting Parties and the universally acknowledged rules and principles of international law.

7. Unless the Contracting Parties decided otherwise, the tribunal shall determine its own procedure.

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

9. Each Contracting Party shall bear the cost of its own member of the tribunal and of its representation in the arbitrage 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 its award shall be binding on both Contracting Parties.

Article 10. Settlement of Disputes between an Investor and a Contracting Party

1. Any dispute which may arise between one Contracting Party and an investor of the other Contracting Party in connection with an investment on the territory of the other Contracting Party shall be settled amicably through consultations and negotiations.

2. If a dispute cannot be settled in accordance with paragraph 1 of this Article within a period of six months from the date on which either party to the dispute requested amicable settlement, the investor concerned may submit the dispute either to:

a) The competent court or administrative tribunal of the Contracting Party in the territory of which the investment has been made; or

b) Ad hoc arbitral tribunal established under the Arbitration Rules of the United Nations Commission on International Trade Law (UNCITRAL); or

c) The International Center for Settlement of Investment Disputes (hereinafter referred to as the Center) through conciliation or arbitration established under the Convention on the Settlement Investment Disputes between States and Nationals of other States opened for signature in Washington D.C. on 18 March 1965 (hereinafter referred to as the Convention), in the event both Contracting Parties shall have become a party to the Convention;

d) The Arbitration Institute of the Arbitral Tribunal of the Chamber of Commerce in Stockholm; or

e) The Arbitral Tribunal of the International Chamber of Commerce in Paris.

3. A company which is incorporated or constituted under the laws in force in the territory of one Contracting Party and in which, before such dispute arises the majority of shares are owned by investors of the other Contracting Party, shall in accordance with Article 25(2) (b) of the Convention, mentioned in paragraph 2(c) of this Article, be treated for the purpose of

this Convention as the company of the other Contracting Party.

4. The arbitration award shall be based on

- The provisions of this Agreement, and

- The rules and universally accepted principles of international law

5. The arbitration award shall be final and binding on both parties to the dispute and shall be executed according to the law of the Contracting Party concerned.

6. During the arbitrage or execution proceedings Contracting Party shall not assert as a defense, objection, counterclaim, right of set-off or for any other reason that indemnification or other compensation for all or pan of the alleged damages has been received or will be received by investor who is contending party, pursuant to an insurance or guarantee contract against political risks.

Article 11. Consultations

Representatives of the Contracting Parties shall, whenever necessary, begin consultations m order to review the implementation of this Agreement. These consultations shall be held on the initiative of either Contracting Party at a place and at a time agreed upon through the diplomatic channels.

Article 12. Other Provisions

1. Either Contracting Party shall, in accordance of its laws, regulations and administrative practices followed, examine in good faith applications for the entrance and stay of the investors employees and workers of the other Contracting Party who are involved in activities connected with the investments.

2. The Contracting Parties shall not exclude or hinder the transport agencies of the other Contracting Party and in accordance of its laws and regulations, whenever necessary shall issue permits for the transportation of goods and persons in connection with the investments made.

Article 13. Application of the Agreement

The Agreement shall apply to all investments made by investors of either Contracting Party in the territory of the other Contracting Party, whenever existing at or made after the date of its entry into force In the case of existing investments it shall only apply to facts occurring after the entry into force of the present Agreement.

Article 14. Essential Security Interests

Nothing in this Agreement shall be construed to prevent either Contracting Party from taking measures to fulfill its obliganons with respect to the maintenance of international peace or security

Article 15. Entry Into Force - Duration - Termination

1. The Agreement shall enter into force on the date on which the Contracting Parties shall have notified each other that their respective constitutional formalities required for the entry into force of international agreements have been completed. It shall remain in force for an initial period of ten years and be tacitly renewed for consecutive periods of two years.

2. This Agreement shall not prejudice the right of either of the Contracting Parties to amend in whole or in part or to terminate this Agreement at any time during its period of validity.

3. In such an eventuality, if the Contracting Parties do not reach agreement on any modification to or termination of this Agreement within six months after a written request by the Contracting Party seeking such modification to the other Contracting Party, the Party that had made the said request shall be entitled to denounce the whole Agreement within thirty (30) days from the lapse of the said six (6) months period Such denunciation shall be made through diplomatic channels and shall be considered as a notice of termination of this Agreement In such a case the Agreement shall terminate six (6) months after the date of receipt of the said notice by the other Contracting Party, unless such notice is withdrawn by mutual agreement before the expiry of this period of notice.

With respect to investments made prior to the date of amendment or termination of this Agreement shall therefore

continue to be effective for a further period of ten years from that date.

IN WITNESS WHEREOF, the respective plenipotentiaries have signed this Agreement

Done at Chisinau, on the 13/9/2007, in two originals in the Greek, Moldavian and English languages, all texts being equally authentic. In case of any divergence of interpretation the English text shall prevail.

FOR THE GOVERNMENT OF THE REPUBLIC OF CYPRUS

Antonis Michaelides

MINISTER OF COMMERCE INDUSTRY AND TOURISM

FOR THE GOVERNMENT OF THE REPUBLIC OF MOLDOVA

Igor Dodon

MINISTER OF ECONOMY AND COMMERCE