

AGREEMENT

BETWEEN THE GOVERNMENT OF THE RUSSIAN FEDERATION AND THE GOVERNMENT OF THE REPUBLIC OF SLOVENIA ON THE PROMOTION AND MUTUAL PROTECTION OF INVESTMENTS

(Ljubljana, April 8, 2000)

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

Referring to the creation of favorable conditions for investment and increased 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 trade-economic and scientific and technical cooperation, have agreed to the following:

Article 1. Definitions

For the purposes of this Agreement:

1. The term "investor" means:

a) in respect of the Russian Federation: any natural person who is a citizen and entitled in accordance with the Russian legislation to make investments in the territory of the other Contracting Party;

With respect to the Republic of Slovenia: any natural person who under the laws of the Republic of Slovenia of its nationals;

b) in respect of the Russian Federation: any legal entity established in accordance with its legislation and having the location on its territory, provided that the legal person is entitled in accordance with the Russian legislation to make investments in the territory of the other Contracting Party;

With respect to the Republic of Slovenia: Any legal entity established in accordance with Slovenian legislation and has location in 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, including especially, but not exclusively:

a) movable and immovable property and other property rights;

b) cash, shares, stocks and other forms of participation in companies;

c) the contractual rights to cash or services having an economic value associated with an investment;

d) intellectual property rights, including, in particular, copyrights, inventions, industrial designs, trademarks and service marks, as well as technology, goodwill and know-how;

e) the right to concessions conferred by law or contract, including, in particular, the right to exploration, development and exploitation of natural resources.

No change in the form in which assets are invested or reinvested does not affect their character as investments provided that such change is not contrary to the laws of the Contracting Party in whose territory the investments were made.

3. The term "returns" means amounts yielded by an investment in accordance with paragraph 2 of this article, and includes, in particular, but not exclusively: profits, dividends, interest, royalties and fees, and other fees.

4. The term "territory" means the territory of the Russian Federation or the Republic of Slovenia and includes their exclusive economic zone and continental shelf, over which the two States exercise sovereign rights and jurisdiction in accordance with domestic law and international law.

5. The term "law of a Contracting Party" means the Russian Federation legislation or the legislation of the Republic of Slovenia.

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 legal protection to investments of investors of the other Contracting Party.

Article 3. Investment Regime

1. Each Contracting Party shall ensure in its territory investments of investors of the other Contracting Party fair and equitable treatment, excludes the application of discriminatory measures that would impede the management and disposal of investments.

2. Each Contracting Party shall in its territory investments made by investors of the other Contracting Party treatment no less favorable than that accorded to investments of its own investors or investors of any third state.

3. Each Contracting Party shall in its territory of investors of the other Contracting Party for the management, maintenance and disposal of their investments treatment no less favorable than that accorded to its own investors or investors of any third State with respect to management, maintenance and disposal of their investments.

4. Notwithstanding anything contained in the first, second and third paragraphs of this article with respect to the application of national treatment, each Contracting Party reserves the right to determine the areas or activities in

Which restrict or prohibit the activities of foreign investors. Input restrictions or prohibitions do not apply to investments made in the territory of one of the Contracting Parties to introduce such a restriction or prohibition.

5. Most-favored-nation treatment granted in accordance with the first, second and third paragraphs of this Article shall not apply to the advantages which the Contracting Party is providing or will provide in the future:

- a) in connection with participation in a free trade area, customs or economic union;
- b) by virtue of the agreements of the Russian Federation with the states of the former Union of Soviet Socialist Republics;
- c) on the basis of agreements to avoid double taxation or other agreements on taxation.

Article 4. Expropriation

1. 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 as established by law okay, are not discriminatory and are accompanied by payment of prompt, adequate and effective compensation.

2. The compensation shall correspond to 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 delay in a freely convertible currency and be freely transferred abroad. Until the payment of the amount of compensation will bear interest at an interest rate not less than the LIBOR interest rate charged for the respective currency.

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, civil unrest or other similar circumstances, shall be accorded treatment no less favorable than that which the other Contracting Party shall accord to its own investors or investors of any third State in respect of any measures taken by it in connection with such damage.

Article 6. Transfer of Payments

1. Each Contracting Party shall guarantee to investors of the other Contracting Party, after fulfillment of the relevant

financial obligations free transfer abroad of payments in connection with investments, and includes primarily, but not exclusively:

- a) income as defined in the third paragraph of Article 1 of this Agreement;
- b) amounts in repayment of loans, recognized by both Contracting Parties as investments;
- c) the amounts received by the investor in connection with the partial or total liquidation or sale of investments;
- d) the compensation provided for in Article 4 of this Agreement.

2. Transfer of payments referred to in the first paragraph of this Article shall be made without delay in a freely convertible currency at the exchange rate applicable on the date of transfer in accordance with the exchange control regulations of the Contracting Party in whose territory the investments were made.

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 another

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 rights and claims of the investor.

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

1. Disputes between a Contracting Party and an investor of the other Contracting Parties arising from the investment are resolved by negotiation if possible.
2. 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).

Article 9. Settlement of Disputes between the Contracting Parties

1. Disputes between the Contracting Parties concerning the interpretation and application of this Agreement shall be settled 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 shall be constituted for each individual 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 the second paragraph 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. If the President of the International Court of Justice is a national of either Contracting Party or is otherwise prevented from discharging the said function, make such appointments will be invited to the Deputy Chairman of the International Court of Justice. If the Vice-President of the International Court of Justice is a national of either Contracting Party or is otherwise prevented from discharging the said function, make an appointment will be offered next in seniority of the member of the International Court of Justice who is not a national of either Contracting Party.
4. The arbitral tribunal shall render its decision by majority vote. Such decision shall be binding. Each Contracting Party shall bear the expenses related to the activities of its designated member of the court; costs associated with the chairman of the court activity, and other expenses The Contracting Parties shall bear in equal shares. For all other matters the arbitral tribunal shall determine its own procedure.

Article 10. 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 11. Application of the Agreement

This Agreement shall apply to all investments made by investors of either Contracting Party in the territory of the other Contracting Party, starting from January 1, 1987.

Article 12. The Application of other Rules

If, in accordance with the legislation of one Contracting Party or an international agreement to which both Contracting Parties are participants, investments of investors of any third Contracting Party are accorded treatment more favorable than that granted in accordance with this Agreement, the more favorable treatment applies.

Article 13. Final Provisions

1. This Agreement shall enter into force on the date of receipt of the last written notification about the fulfillment by the Contracting Parties of the necessary domestic procedures.

2. This Agreement is concluded for a period of ten years. It shall be automatically extended 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.

3. In respect of investments made prior to the date of termination of this Agreement, the provisions of this Agreement shall remain in force for the next ten years after that date.

Done in Ljubljana on 8 April 2000 in two copies, each in the Russian and Slovenian languages, both texts being equally authentic.

(Signatures)