

AGREEMENT

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

(Moscow, 25 April 1996)

The Russian Federation and the Government of the Republic of Ecuador, 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 trade-economic and scientific and technical cooperation and stimulate business initiative in this area, we have agreed as follows:

Article 1. Definitions

For the purposes of this Agreement:

a) The term "investor" means any natural person who is a national of a Contracting Party, and any legal entity established in accordance with its legislation;

b) 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 property rights, including mortgages, mortgage, and other similar rights;

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

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;

c) the term "returns" means amounts yielded by an investment under subsection "b" of this article, in particular, as the income (profit share), dividends, interest, royalties and commissions, payments for technical assistance and maintenance, and other awards;

d) the term "territory" means the territory of the Russian Federation or the territory of the Republic of Ecuador, as well as areas where economic activity is carried out, in relation to which in accordance with international law

Acting legislation of the State concerned.

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.

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 such investments fair and equitable treatment, excludes the application of discriminatory measures that would impede the management, maintenance, use and disposal of investments.
2. The regime referred to in paragraph 1 of this Article, will be at least as favorable as that accorded to investments and activities in connection with the investments of investors of any third state.
3. Each Contracting Party shall provide, in accordance with its law investments made in its territory by investors of the other Contracting Party, and activities in connection with such investments treatment no less favorable than that accorded to investments and activities in connection with the investments of its own investors,.
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 the common market, 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;

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 measures equal to expropriation or nationalization (hereinafter referred to as - expropriation)

Except in cases where such measures are taken in the public interest as provided by law, are not discriminatory and are accompanied by payment of prompt, adequate and effective compensation. 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 unreasonable delay in freely convertible currency. 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.

2. The investor whose investments expropriated, shall have the right, in accordance with the law of a Contracting Party carried out the expropriation, to prompt review of his case by a judicial or other independent authority of that Contracting Party and to determine the value of its investments in accordance with the principles set out in this article.

Article 5. Damages

If the investments of investors of either Contracting Party will suffer losses in the territory of the other Contracting Party owing to war or other armed conflict, state of emergency or similar circumstances, the latter Contracting Party shall grant such investors in respect of property restoration, compensation and other forms of settlement in accordance with the its legislation the same treatment accorded to private investors, and in any case not less favorable than that accorded to investors of any third state.

Article 6. Transfer of Payments

1. Each Contracting Party shall ensure, in accordance with its law 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) income as defined in paragraph "c" of Article 1 of this Agreement;
- b) the 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;
- e) sums due to the investor as a result of the settlement of disputes in accordance with Article 7 of this Agreement.

2. Transfer of payments referred to in paragraph 1 of this Article shall

Made in freely convertible currency at the exchange rate applicable on the date of transfer in accordance with the law of the Contracting Party in whose territory the investment

Implemented.

Article 7.

Settlement of disputes between an investor of one Contracting Party and the other Contracting Party

Disputes between an investor of one Contracting Party and the other Contracting Party arising in connection with the implementation of 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, or
- b) the arbitration court ad hoc in accordance with the Arbitration Rules of the International Trade Law of the United Nations Commission (UNCITRAL).

Article 8. Consultation

The Contracting Parties on the proposal of any of them, shall hold consultations on matters relating to the interpretation or application of this Agreement.

Article 9. 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, organized through diplomatic channels.

If so the dispute will not be settled within six months from the start of negotiations, 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, and then these two members shall elect a 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. This decision will be final and binding on both Contracting Parties. Each

Contracting Party shall bear the expenses related to the activities of its designated member of the court, the costs associated with the chairman of the court 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 10. 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 since 1 January 1987, but it will not apply to claims or disputes concerning investments which have arisen or have been settled before the entry into force of this Agreement.

Article 11. Entry Into Force, Duration and Termination

1. This Agreement shall enter into force on the date 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 fifteen years. It shall be automatically renewed for successive ten-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 a period of fifteen years from that date.

Done in Moscow on 25 April 1996 in two copies, each in the Russian and Spanish languages, both texts being equally authentic.