

# **AGREEMENT BETWEEN THE GOVERNMENT OF THE REPUBLIC OF UZBEKISTAN AND THE GOVERNMENT OF THE REPUBLIC OF AZERBAIJAN ON THE PROMOTION AND RECIPROCAL PROTECTION OF INVESTMENTS**

The Government of the Republic of Uzbekistan and the Government of the Republic of Azerbaijan, hereinafter referred to as the Contracting Parties,

Wanting a long-term basis to promote greater economic cooperation between them to mutual benefit of both countries,

Recognizing the need to promote and protect investment with the aim of creating and maintaining favorable conditions for investments and investors of one Contracting Party in the territory of the other Contracting Party,

Agreeing that a stable base investment secure the best use of economic resources and the development of productive forces,

Have agreed as follows:

## **Article 1. General Definitions**

For the purposes of this Agreement:

1. The term "investor" covers and includes:

I) State of the Contracting Parties;

II) legal persons of the Contracting Parties;

III) the international organizations of the Contracting Parties;

IV) Of citizens, associations of citizens and stateless persons of the Contracting Parties;

V) citizens of the Contracting Parties, permanently residing abroad.

2. The term "investment" means any kind of assets and rights to them, as well as the rights to intellectual, commercial and industrial property, such as copyrights, patents, utility models, industrial designs and models, trademarks, trade names, industrial and trade secrets, technologies, "goodwill" and "know-how".

3. Investments in the territory of the Contracting Parties shall be carried out by:

I) the creation of economic societies and companies, banks, insurance companies and other enterprises, completely belonging to investors or on the basis of equity participation;

II) the acquisition of property, shares and other securities;

III) the acquisition of property rights, including rights of ownership and use of land (including on a rental basis) and natural resources;

IV) Other activities for the implementation of investments that do not contradict the legislation in force in the territory of the Contracting Party at the place of investment.

4. The term "legal person" means - any legal person, formed in accordance with the legislation of one Contracting Party, having its registered bodies and make investments in the territory of the other Contracting Party.

5. The term "international organization" means - international organizations, associations, central management bodies

which are located in the territory of the Contracting Party, whose activities are in accordance with the Charter applies to the territory of that Contracting Party and one or more foreign countries and carried out in accordance with the principles of and international law.

6. The term "nationals" means - the person possessing the nationality and legal capacity for the state legislation of one Contracting Party permanently residing on its territory or abroad and carry out investments in the territory of the other Contracting Party.

7. The term "stateless person" means - stateless persons permanently residing in the territory of one Contracting Party, registered in accordance with the laws of that Contracting Party for doing business and investing in the territory of the other Contracting Party.

8. The term "income" means, but not exclusively - the amounts received as a result of investments, as defined in this article, paragraphs 2 , 3 , in the form of profit, interest, dividends, royalties, license fees, fees for technical assistance, maintenance and other forms of remuneration.

9. The term "territory" means, as the territory of the Contracting Party, over which that Contracting Party shall, in accordance with international law, sovereign rights and jurisdiction, including for the purpose of the study, use and protection of natural resources.

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

1. Each Contracting Party shall, in accordance with the laws of the state, will allow and encourage in its territory investments of investors of the other Contracting Party, as well as to ensure their full and unconditional legal protection.

2. Within the framework of the legislation of its state, each Contracting Party shall support a variety of forms of mutual investment and ensure economic cooperation by protecting investments in the territory of its state by investors of the state of the other Contracting Party.

3. The Contracting Parties shall proceed from the need to assist enterprises with investors' investments of the States of the Contracting Parties in the course of their direct investment and the implementation of multilateral economic projects in the territories of the States of the Contracting Parties and in the territory of any third state.

4. If a Contracting Party under this Agreement has admitted to the territory of his state investments such other Contracting Party, in accordance with its laws and regulations, to investors of the other Contracting Party shall issue the necessary permits in connection with such investments.

## **Article 3. National Treatment and Most Favored Nation Treatment**

1. Each Contracting Party shall provide in its territory investments and the income of investors of the other Contracting Party fair and equitable treatment no less favorable than the treatment which it accords to investments and revenues of its own investors and / or investments and returns of investors of any third state.

2. Each Contracting Party shall, in respect of investments made by investors of the State of the other Contracting Party, comply with any obligations arising from its national law and this Agreement.

3. The provisions of this Agreement with respect to the principle of most favored nation treatment shall not be construed so as to oblige one Contracting Party to extend to investors of the other Contracting Parties preferential treatment preferences or privileges resulting from:

I) the existing or possible future customs, currency and payments unions, free trade areas and common tariffs, common market or any other form of regional economic integration agreements, to which is or may become a Contracting Party;

II) agreements on avoidance of double taxation or other international agreements on taxation.

## **Article 4. Application of other Rules and Special Commitments**

If the provisions of the state law of one Contracting Party or obligations related to international law existing at present or established hereinafter, in addition to this Agreement contain provisions of general or specific nature of the provision of investment of investors of the other Contracting Party to treatment more favorable than that, which is provided in this Agreement, such provisions, to the extent in which they are more favorable, will have priority over the present Agreement.

## **Article 5. Transfers**

1. The Contracting Party in the territory of which the investments were made by investors of the state of the other Contracting Party after the payment of these investors the relevant taxes and fees, provide free transfer of payments relating to these investments, in particular, but not exclusively:

- I) Interest, dividends, profits and other current income, as defined in Article 1, paragraph 8 of the present agreement;
- II) amounts in repayment of loans, recognized by both Contracting Parties as investment;
- III) license income and other payments deriving from the rights provided for in Article 1, paragraph 2 of the present agreement;
- IV) The amount of capital and additional sums necessary for the maintenance or development and management of investment carried out on the territory of the other Contracting Party;
- V) proceeds from division, partial or complete liquidation of the investment, including capital gains;
- VI) Wages received by nationals of one Contracting Party in connection with investments made in the territory of the other Contracting Party;
- VII) compensation, due in accordance with the articles of this Agreement and other payments associated with any investment disputes under this Agreement.

2. Transfers will be carried out without undue delay in the currency in which the investments were made, or in a freely convertible currency at the rate applicable to the date of transfer and in accordance with the procedure laid down by the legislation of the Contracting Party in whose territory the investment has been made.

3. Notwithstanding the provisions of this Article, paragraphs 1 and 2, a Contracting Party may prohibit the transfer on the terms of a fair, non-discriminatory application of the law of its State, in cases relating to:

- I) the bankruptcy, insolvency or the protection of the rights of creditors;
- II) emission trading or trading in securities;
- III) criminal or administrative offenses;
- IV) Occurrence of non-compliance with the order or the decisions of the judicial proceedings.

4. The income and other amounts in any currency referred to in this article and the resulting state investors of one Contracting Party as a result of investment on the territory of the other Contracting Party of the sources of the place of investment, they can be reinvested or used for other purposes in the territory of the latter Contracting Party in accordance with its legislation.

5. Import and export of currency of the Contracting Parties and other countries currency, payment documents, securities, regulated by the law on currency regulation of the Contracting Party at the place of investment.

## **Article 6. Expropriation and Restriction of the Right of Property and Compensation for Losses**

1. The Contracting Parties shall not take, directly or indirectly, for the removal action, nationalization or other action having the same nature or equivalent effects, in relation to investments belonging to investors of the other Contracting Party, if they are not connected:

- I) with measures taken in the public interest, carried out by law;
- II) non-discriminatory measures or adopted in response to the actions that have been taken by the other Contracting Party.

2. A Contracting Party that has exempted investments due to the circumstances provided for in this article 1, paragraphs I to II, will ensure that investors in the State of the other Contracting Party are provided with fair and effective reparation. Such reimbursement will correspond to the market value of the withdrawn investments, determined prior to withdrawal or until the withdrawal decision became well known (whichever occurs first), will cover interest from the value of the withdrawn investments calculated at the rate of "Libor" from date of seizure, and subject to free transfer. The amount of compensation should be established in the currency in which the investments were made or in freely convertible currency and paid

without undue delay to the investor regardless of his location or residence. The translation "without undue delay" will be considered a translation made during the time normally required to perform formal actions, related issues. The account for this period starts from the date of the application and cannot exceed three months.

3. Investors of a state of one of the Contracting Parties whose investments have suffered losses due to war or other armed conflict, revolution, state of emergency, coup, civil unrest or other similar events that have occurred in the territory of the state of the other Contracting Party will be compensated, restitution, reimbursement or other value compensation of damage on terms in accordance with Article 3, paragraphs 1 and 2 of this Agreement.

4. Investors of one Contracting Party shall have the right to recover damages, including lost profit, caused by their investments in the territory of the other Contracting Party as a result of actions of state bodies or officials of that Contracting Party, contrary to the laws of the state in the place of investment, as well as due to the inadequate implementation such bodies or officials stipulated by the legislation of the obligations towards investors of the first Contracting Party or enterprises with these investments.

## **Article 7. Subrogation**

1. In the event that one Contracting Party or an authorized institution has provided any financial guarantees against non-commercial risks with respect to investments of its investors in the territory of the state of the other Contracting Party and made payment under this guarantee, the other Contracting Party recognizes on the basis of the subrogation principle transfer of rights, including the rights of claim, of these investors in full to the first Contracting Party or its authorized institutions, with reservations in respect of SRI obligations of investors associated with the insured thus investment.

2. In the case of subrogation as defined in this Article, paragraph 1, the investor will not make claims unless is authorized by the Contracting Party or its authorized institution.

3. A Contracting Party that is a party to a dispute with an investor of the State of the other Contracting Party throughout the process of its authorization or execution of a decision thereon shall not invoke, as protection for its immunity or for the receipt by the investor of reimbursement under insurance contracts not providing for guarantees of the last Contracting Party or its authorized institutions, and covers the entire amount or part of the losses or losses incurred.

## **Article 8. Consultations**

Each Contracting Party may propose the other Contracting Party to consult on any matter concerning the interpretation or application of this Agreement. The other Contracting Party shall favorably on the proposal and provide adequate opportunity for such consultations.

## **Article 9. Settlement of Disputes between the Contracting Parties**

1. Disputes between the Contracting Parties concerning the interpretation and application of the provisions of this Agreement shall be settled through diplomatic channels.

2. If the Contracting Parties will not be agreed within six months of the date of the dispute, the dispute at the request of either Contracting Party will be submitted to the Arbitral Tribunal consisting of three members. Each Contracting Party shall appoint one arbitrator, and the arbitrators appointed shall elect a President, who shall be a citizen of a third country maintains diplomatic relations with the states of both Contracting Parties.

3. If either Contracting Party fails to appoint its arbitrator and does not agree with the invitation of the second Contracting Party shall cause such appointment within two months, the latter Contracting Party may request the President of the International Court of Justice, so that it make the necessary appointments.

4. If both arbitrators can not reach an agreement within two months after their appointment to the Chairman of the selection, either Contracting Party may request the President of the International Court of Justice to conduct the required destination.

5. If, in the cases specified in this article, paragraphs 3 , 4 , the President of the International Court of Justice cannot fulfill this function or if he is a citizen of a state of one of the Contracting Parties, such appointment will be made by the Deputy President, and if he cannot fulfill the corresponding function or is a national of a State of one of the Contracting Parties, the appointment will be made by the next senior member of the International Court of Justice who is not a national of the State of any of the Contracting Parties.

6. The court will decide on the basis of respect for the law. Before the Court takes a decision, it may, at any stage of its work,

invite Contracting Parties to resolve the dispute in a friendly manner. The previous provisions will not prevent the settlement of the dispute if the Contracting Parties so decide.

7. Without prejudice to other arrangements between the Contracting Parties, the Court will establish its own rules of procedure. The Court shall decide by majority vote.

8. Each Contracting Party shall bear the costs of the member of his Court, and in accordance with its share in the arbitration procedure. Costs associated with the Arbitration Court of the Chairman and other costs borne by the Contracting Parties in equal parts. However, the Court may, in its decision to determine the higher costs involved in one of the Contracting Parties, and this decision will be binding for each Contracting Party.

9. The Court's decisions are final and binding for each Contracting Party.

## **Article 10. Settlement of Disputes between a Contracting Party and an Investor of the other Contracting Party**

Each Contracting Party hereby consents to the offering of any legal dispute arising between one Contracting Party and an investor of the other Contracting Party regarding the implementation of their investment in the territory of the first Contracting Party to the International Centre for Settlement of Investment Disputes through conciliation or court in accordance with the "Convention on the Settlement of Investment Disputes between States and Nationals of other States", opened for signature in Washington on March 18, 1965. State investor of one Contracting Party, which until the beginning of the dispute was controlled by an investor of the other Contracting Parties will, in accordance with Article 25 (2-b) of the Convention, in pursuance of the goal of the Convention, have the same rights as the investors of the other Contracting Party.

## **Article 11. Applicable Law**

1. Unless otherwise provided in this Agreement, all investments, in accordance with this Agreement shall be governed by the laws applicable in the territory of the Contracting Party in which the investment was made.

2. 2. Notwithstanding the provisions of paragraph 1 of this article, nothing restricts the receiving Contracting Party from the application of measures aimed at protecting its vital security issues or in the circumstances of a state of emergency carried out in accordance with its legislation on a non-discriminatory basis.

## **Article 12. Previous Investments**

This Agreement shall apply to investments in the territory of one Contracting Party produced in accordance with its legislation by investors of the other Contracting States Parties, regardless of whether they were made before or after the entry into force of this Agreement.

## **Article 13. Changes and Additions**

This Agreement may be amended and supplemented by written agreement of the Contracting Parties.

## **Article 14. Entry Into Force, Duration and Termination**

1. The Contracting Parties shall exchange notes on the implementation of the legal procedures provided for by national laws of the States of the Contracting Parties with regard to the entry into force of this Agreement.

The date of entry into force of this Agreement is the date of receipt of the last note.

2. This Agreement shall remain in force for ten years. This Agreement shall be automatically renewed for successive five-year periods, unless either Contracting Party notifies in writing the other Contracting Party twelve months before the expiry of the period of its intention to terminate this Agreement.

3. In the event of denunciation of this Agreement, its provisions in articles 1-12 will remain in force for a further period of ten years in relation to investments made before the termination of this Agreement.

Done in Baku on 27 May 1996 in two copies, each in Uzbek, Azerbaijani and Russian languages, all texts being equally authentic.