AGREEMENT BETWEEN THE GOVERNMENT OF THE UNITED ARAB EMIRATES AND THE GOVERNMENT OF TURKMENISTAN FOR THE PROMOTION AND RECIPROCAL PROTECTION OF INVESTMENTS

The Government of the United Arab Emirates and the Government of Turkmenistan, (hereinafter referred to as the "Contracting Parties"

Desiring to promote economic cooperation on the long-term and favourable base to the mutual benefit of both countries;

Intending to create favourable conditions for mutual investments;

Recognizing that the attraction and reciprocal protection of investments will be conducive to strengthening of the employers' activity and promote development of economic ties between the Contracting Parties;

Have agreed as follows:

Article 1. Definitions

For the purpose of this Agreement:

1. The term "investments" shall comprise any kind of assets, implemented in accordance with the laws and regulations of the Contracting Party in whose territory the investment is made, including, but not limited to:

(a) Movable and immovable property, as well as corresponding property rights, such as mortgage, a right on pledge, loan provision and other;

(b) Money means, as well as shares, other value papers, deposits and other kinds of interests in companies;

(c) A right of claim to money, which are invested to establish economic values, or services, having an economic value, connected with investments;

(d) Exclusive rights for the objects of intellectual property (author's rights, rights on invention, industrial samples, useful models, trade marks or service marks, firm names) as well as rights on technology, information, having a commercial value, know-how, goodwill and other;

(e) Rights on carrying out employers' activity, concession conferred by law or under agreement, including, in particular, but not limited to, rights to search for, cultivate and exploit natural resources.

A change in the form in which property values are invested or reinvested, does not affect their character as investments on the condition that such change does not contradict the legislation of the Contracting Party in the territory of which the investments are made.

2. The term "investor" means with respect to every Contracting Party:

(a) Any physical person who is a national of a Contacting Party and who is authorized in accordance with its national legislation to carry out investments in the territory of the other Contracting Party;

(b) Any juridical person, other society or corporation with the right of the juridical person or without it, established in accordance with the national legislation of one of the Contracting Party, having location in its territory and carrying out investments in the territory of the other Contracting Party.

(c) The Government of Contracting Parties or its political subdivisions, local authorities or their financial institutions.

3. The term "returns" shall comprise any amount yielding by an investment including, but not limited to: profits, dividends, interest, royalties, license and commission remuneration and other similar payments.

4. The term "territory" shall mean the territory of Turkmenistan or the United Arab Emirates, including the State territory, continental shelf, as well as districts, determined by the international law.

Article 2. Promotion and Protection of Investments

1. Each Contracting Party shall encourage the investors of the other Contracting Party to implement investments in its territory and admit these investments in accordance with its national legislation.

2. Once established, investments shall at all times enjoy full protection and security, in a manner consistent with international law.

3. Each Contracting Party shall at all times ensure fair and equitable treatment to the investments of investors of the other Contracting Party. Each Contracting Party shall ensure that the management, use, enjoyment, acquisition or disposal of investments or rights related to investment and its associated activities in its territory of investors of the other Contracting Party shall not in any way be subjected to or impaired by arbitrary, unreasonable or discriminatory measures.

4.

(a) Each Contracting Party shall endeavour to take the necessary measures and legislation for granting of appropriate facilities, incentives and other forms of encouragement for investments made by investors of the other Contracting Party;

(b) Investors of either Contracting Party shall be entitled to apply to the competent authorities in the host Party for the appropriate facilities, incentives and other forms of encouragement and the host Party shall grant them all assistance, consents, approvals, licenses and conditions as shall, from time to time, be determined by the laws and regulations of the host Party.

5. With respect to its tax policies, each Contracting Party should strive to accord fairness and equity in the treatment of investment of investors of the other Contracting Party.

6. The Contracting Parties shall periodically consult between themselves concerning investment opportunities within the territory of each other in various sectors of the economy to determine where investments from one Contracting Party into the other may be most beneficial in the interest of both Contracting Parties.

7. To attain the objectives of this Agreement the Contracting Parties shall encourage and facilitate the formation and establishment of the appropriate joint legal entities between the investors of the Contracting Parties to establish, develop and execute investment projects in different economic sectors in accordance with the laws and regulations of the host Party.

8. Investors of either Contracting Party shall be permitted to engage top managerial personnel of their choice regardless of nationality to the extent permitted by the laws of the host Party. The Contracting Parties shall make available all necessary facilities including the issuance of visas and permits of stay to such managerial personnel and to their families in accordance with the laws, regulations and administrative practices of the two Contracting Parties.

9. Contracting Parties shall seek as far as practicable to avoid performance requirements as a condition of establishment, expansion or maintenance of investments, which require or enforce commitments to export goods produced or which specify that goods or services must be purchased locally which impose any other similar requirements.

10. Each Contracting Party shall provide effective means of asserting claims and enforcing rights with respect to investment agreements, investment authorization and properties.

11. Each Contracting Party shall make public all laws, regulations administrative practices and procedures that pertain to or affect investments.

Article 3. National Treatment

Either Contracting Party shall provide fair and equal treatment excluding application of measures of discriminatory character which would impair management, use, maintenance, enjoyment or disposal of investments in its territory to investments, made by investors of the other Contracting Party, and to activity connected with such investments.

2. Treatment mentioned in the paragraph 1 of the Present Article shall be not less favourable than treatment which is accorded to investments and activity connected with investments of its own investors or investors of any third State.

3. The provisions of the present Agreement with regard to principles of the most favorability should not be interpreted as

obliging one of the Contracting Parties to spread to investors of the other Contracting Party favourable treatment of preferences or privileges, following out of:

a) Customs unions, currency and unions of payment, free trade and common tariffs zones, common market and any other kinds of agreements on the regional economic integration existing or possible in the future, members of which is or may become one of the Contracting Parties;

b) Agreements on avoidance of double taxation or other international agreements on issues of taxation;

c) Understandings of the on-border trade.

Article 4. Transfer of Payments

1. Each Contracting Party shall guarantee at all times to the investors of the other Contracting Party free transferable of payments abroad in a freely convertible currency in connection with capital investment after implementation by them of all the tax obligations, and in particular:

a) Sums of initial investments and additional sums for maintenance and enlargement of investments;

b) The net profits, dividends, royalties, technical assistance and technical service fees, interests and other returns accruing from any investment by an investor of the other Contracting Party;

c) Sums paid for loan paying off, recognized by both Contracting Parties as investments;

d) Sums received by investors in connection with full or partial liquidation or sale of investments;

e) Compensation, provided in Article 6 of the present Agreement;

f) Salaries and other remuneration's, received by investors and key personnel of the other Contracting Party to whom it is permitted to work in connection with investments in the territory of the first Contracting Party.

2. Transfer of payments shall be carried out without delay in the freely convertible currency at the currency rate applied on the date of the transfer in connection with the acting currency regulation of that Contracting Party in the territory of which investments are made.

Article 5. Compensation for Damage or Loss

1. Investors of one Contracting Party whose investments in the territory of the other Contracting Party suffer losses owing to war or other armed conflict, revolution, a state of national emergency, revolt, insurrection or riot or other similar events in the territory of the latter Contracting Party shall be accorded treatment, as regard restitution, indemnification, compensation or other settlement, not less favourable than that which the latter Contracting Party accords to its own investors or to investors of any third state whichever is the most favourable.

2. Without prejudice to paragraph 1 of this Article, investors of one Contracting Party who in any of the events referred to in that paragraph suffer damage or loss in the territory of the other Contracting Party resulting from:

(a) Requisition of their investment or property by its forces or authorities,

(b) Destruction of their investment or property by its forces or authorities which was not caused in combat action or was not required by the necessity of the situation shall be accorded prompt and adequate compensation for the damage or loss sustained during the period of requisitioning or as a result of the destruction of the property. Resulting payments shall be in freely usable currency and freely transferable without undue delay.

Article 6. Nationalization or Expropriation

1.

(i) Investments of either Contracting Party or its natural or juridical persons shall not be subject to sequestration, confiscation or any similar measures and shall enjoy full and complete protection and safety in the territory and in the maritime areas of the other Contracting Party.

(ii) Neither Contracting Parties shall take any measures of expropriation or nationalization or freezing or any other measures having effect of this position or to subject of investments to any measures direct or indirect tantamount to expropriation including the levying of taxes, the compulsory sale of all or part of an investment or the impairment or deprivation or its

management or control.

All such actions refer to as (expropriation) except when the expropriation:

(a) Is done for public purpose.

(b) Is accomplished under due procedures of law.

(c) Is not discriminatory.

(d) Does not violate any specific provision or contractual stability or expropriation contains in an investment agreement between the natural and juridical persons concerned and the party making the expropriation.

(e) It is in accordance with and from a competent court.

(f) The investor shall have the right to refer to the administrative or juridical bodies to make sure that expropriation has been made in accordance with the principles of the international law.

(g) The investor shall have the right to contest against the expropriation or any such measures to the competent court of the Contracting Party with have taken these measures.

(h) Is accompanied by prompt, adequate and effective compensation.

2. Such compensation shall be computed on the basis of the fair market value of the investment immediately prior to the point of time when the discussion for the nationalization or expropriation was announced or become publicly known and shall be determined in accordance with recognized principles of valuation such as market value where the market value cannot be readily ascertained, the compensation shall be determined on equitable principles taking into account, inter alia, the capital invested depreciation, capital already repatriated, replacement value, goodwill and other relevant factors. In the event that payment of compensation shall be paid in an amount which would put the investor in a position no less favourable than the position which he would have been had the compensation been paid immediately on the date of expropriation or nationalization. To achieve this goal the compensation shall include an appropriate interest at a commercially reasonable rate as agreed upon by both states or at such rate as prescribed by law, for the currency in which the investment is denominated from the date of nationalization or expropriation until the date of payment.

3. Where a Contracting Party nationalizes or expropriates the investment of a juridical person which is established or licensed under the law in force in its territory and in which the other Contracting Party or any of its investors owns shares, stocks, debentures or other rights of interest, it shall ensure that prompt, adequate and effective compensation is received and allowed to be repatriated. Such compensation shall be determined and paid in accordance with the provisions of paragraph 2 of this Article.

Article 7. Subrogation

1. If a Contracting Party or its authorized body makes a payment to its investors in accordance with the guarantee which was accorded in connection with the investments in the territory of the other Contracting Party (hereinafter: the "Second Contracting Party"), the Second Contracting Party shall recognize:

(a) The assignment according to the law or in accordance with legal transaction of any rights or claims to the First Contracting Party or its authorized body, and

(b) That the First Contracting Party or its authorized body have obtained the right to exercise a right and enforce claims of the investor by virtue of subrogation, and shall assume the obligations related to the investment.

2. The subrogatory rights and claims shall not exceed initial rights or claims related to investments.

3. The subrogatory rights and claims of the insured investor shall relate also to the transfer of payments, implementing in connection with Article 6 of the present Agreement.

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

1. Disputes between a Contracting Party and the investor of the other Contracting Party, arising in connection with the present Agreement with regard to the investments, shall be settled, as far as possible, by negotiations.

2. If disputes mentioned in the paragraph 1 of this Article cannot be settled by negotiations during six months both Parties

of the dispute may submit the dispute for the decision to the competent court or the arbitration of the Contracting Party which is a party of the dispute.

3. Instead of application of the paragraph 2 of this Article the investor of either Contracting Party may send according to his choice the dispute for the arbitral decision to:

a) Arbitral tribunal ad hoc in accordance with the Arbitration Regulation of the UN Commission on the international trade (UNICITRAL) with registration of amendments before the last amendment in time, adopted by both Contracting Parties on the moment of the application for the request of enforcing the arbitration procedure;

b) The International Center for Settlement of Investment Disputes established in accordance with the Convention on the settlement of the investment disputes between the States and nationals of the other States, which is open for signing in the City of Washington, District of Columbia, on March 18, 1965 (Convention ICSID), in the case when both Contracting Parties have become members of this Convention.

4. The decision of the arbitral tribunal shall be final and binding on both Parties of the dispute; it shall be implemented in accordance with the laws and regulations of the Contracting Parties.

Each Contracting Party shall provide adoption and implementation of the arbitration decision according to its laws and regulations.

Article 9. Settlement of the Disputes between the Contracting Parties

1. Disputes between the Contracting Parties concerning the interpretation or application of this Agreement shall be settled by negotiations.

2. If a dispute cannot thus be settled then upon the demand of either of the Contracting Parties it shall be submitted for consideration of the arbitral tribunal.

3. Such an arbitral tribunal shall be constituted for each individual case in the following way: within two months of the receipt of the request for arbitration, each Contracting Party shall appoint one member of the tribunal. Those two members shall then select a national of a third State who, on approval by the two Contracting Parties, shall be appointed the Chairman of the tribunal within one month from the moment of appointment of two other members of the tribunal.

4. If, within the periods specified in paragraph 3 of this Article, the necessary appointments have not been made, either Contracting Party may, in the absence of any other agreement, apply to the Chairman of the International Court of Justice with a request to make necessary appointments. If the Chairman of the International Court of Justice is a national of one of the Contracting Parties or because of the other reasons is prevented from discharging the said function, the Vice-President of the International Court of Justice shall be invited to make the necessary appointments. If the Vice-President is a national of one of the Contracting Parties or because of the other reasons is prevented from discharging the said function, the Member of the International Court of Justice next in seniority and who is not a national of either Contracting Party shall be invited to make the necessary appointments.

5. The arbitral tribunal shall reach its decision by a majority of votes. Such decision shall be binding on both Contracting Parties. Each Contracting Party shall bear expenses connected with activity of the appointed by it member of the court and its representative in the arbitral proceedings; the Contracting Parties shall bear in equal parts expenses connected with activity of the Chairman of the tribunal as well as other expenses. The tribunal may however provide in its decision that one of the Contracting Parties shall bear greater part of expenses and this decision shall be binding on both Contracting Parties.

The arbitral tribunal shall determine its own procedure. The tribunal shall reach its decisions in accordance with the provisions of this Agreement and widely accepted principles of the international law.

Article 10. Consultations

The Contracting Parties shall hold consultations on issues related to interpretation and application of the present Agreement upon the request of one of them. These consultations shall be held on the proposal of either Contracting Party. Time and venue of them shall be agreed upon through diplomatic channels.

Article 11. Application to Investments

This Agreement shall apply to investments made in the territory of either Contracting Party in accordance with its legislation or rules or regulations by investors of the other Contracting Party prior to as well as after the entry into force of this

Agreement.

Article 12. Relation between the Governments

The provisions of this Agreement shall apply irrespective of the existence of diplomatic or consular relations between the Contracting Parties.

Article 13. Application of other Rules and Special Commitments

1. Where a matter is governed simultaneously both by this Agreement and by other agreements to which both states are parties or general principles of law commonly recognized by both Contracting Parties or domestic law of the host state, nothing in this Agreement shall prevent either Contracting Party or any of its investors who own investments in the territory of the other Contracting Party from taking advantage of whichever rules are the more favourable to their cases.

2. Investments subject to special contracts or commitments undertaken by one Contracting Party with respect to the investors of the other Contracting Party shall be governed, notwithstanding the provisions of this Agreement, by the terms of those contracts and commitments insofar as their provisions are more favourable than those provided by this Agreement.

Article 14.

This Agreement shall enter into force thirty (30) days after the latter date on which either Contracting Party notifies the other that its constitutional requirements for the entry into force of this Agreement have been fulfilled.

Article 15.

1. This Agreement shall remain in force for a period of ten (10) years and shall continue in force thereafter for similar period or periods unless, one year before the expire of the initial period or any subsequent period, either Contracting Party notifies the other in writing of its intention to terminate this Agreement. The notice of termination shall become effective one year after it has been received by the other Contracting Party.

2. In respect of investments made prior to the date when the notice of termination of this Agreement becomes effective the provisions of this Agreement shall continue to be effective for a period often (10) years from the date of termination of this Agreement.

In witness whereof the undersigned duly authorized thereto by their respective Governments, have signed this Agreement.

Done at Abu Dhabi on June 9, 1998 in two original copies, each in the English and Russian languages, all texts being equally authentic. In ease of divergence of the interpretation, the English text shall prevail.

FOR THE GOVERNMENT OF THE UNITED ARAB EMIRATES

FOR THE GOVERNMENT OF TURKMENISTAN