AGREEMENT BETWEEN THE GOVERNMENT OF THE REPUBLIC OF INDONESIA AND THE GOVERNMENT OF THE REPUBLIC OF UZBEKISTAN CONCERNING THE PROMOTION AND PROTECTION OF INVESTMENTS

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

Bearing in mind the friendly and cooperative relations existing between the two countries and their peoples;

Desiring to promote more extensive economic cooperation for mutual benefit of both parties on a long-term basis;

Intending to create favourable conditions for investments by investors of one Contracting Party on the basis of sovereign equality and mutual benefit; and

Recognizing that the Agreement on the Promotion and Protection of such Investments will be conducive to the stimulation of investment activities in both countries;

Have agreed as follows:

Article I. Definitions

For the purpose of this Agreement:

1. The term "investments" shall mean any kind of asset invested by investors of one Contracting Party in the territory of the other Contracting Party, in conformity with the laws and regulations of the latter, including, but not exclusively:

a. Movable and immovable property as well as other rights such as mortgages, privileges, and guarantees and any other similar rights;

b. Rights derived from shares, bonds or any other form of interest in companies or joint venture in the territory of the other Contracting Party;

c. Claims to money or to any performance having a financial value;

d. Intellectual property rights, technical processes, goodwill and know-how;

e. Business concessions conferred by law or under contract related to investment including concessions to search for or exploit natural resources.

2. The term "national" shall comprise with regard to either Contracting Party:

(i) Natural persons having the nationality of that Contracting Party;

(ii) Legal persons constituted under the law of that Contracting Party;

3. The term "investor" means national of one Contracting Party who invest in the territory of the other Contracting Party.

4. The term "without delay" shall be deemed to be fulfilled if a transfer is made within such period as is normally required by international financial practices.

5. The term "territory" shall mean:

a. In respect of the Republic of Indonesia:

The territory of the Republic of Indonesia as defined in its laws.

b. In respect of the Republic of Uzbekistan:

The territory of the Republic of Uzbekistan as defined in its laws.

Article II. Promotion and Protection of Investments

1. Either Contracting Party shall encourage and create favourable conditions for investors of the other Contracting Party to invest in its territory, and shall admit such capital in accordance with its laws and regulations.

2. Investments of investors of either Contracting Party shall at all times be accorded fair and equitable treatment and shall enjoy adequate protection and security in the territory of the other Contracting Party.

Article III. Most-favoured-nation Provisions

1. Each Contracting Party shall ensure fair and equitable treatment of the investments of investors of the other Contracting Party and shall not impair, by unreasonable or discriminatory measures, the operation, management, maintenance, use, enjoyment or disposal thereof by those investors. Each Contracting Party shall accord to such investment adequate physical security and protection.

2. More particularly, each Contracting Party shall accord to such investments treatment which in any case shall not be less favourable than that accorded to investments of investors of any third state.

3. If a Contracting Party has accorded special advantages to investors of any third state by virtue of agreements establishing customs unions, economic unions, monetary unions or similar institutions, or on the basis of interim agreements leading to such unions of institutions, that Contracting Party shall not be obliged to accord such advantages to investors of the other Contracting Party.

Article IV. Expropriation

Each Contracting Party shall not take any measures of expropriation, nationalization or any other dispossession, having effect equivalent to nationalization or expropriation against the investments of an investor of the other Contracting Party except under the following conditions:

(a) The measures are taken for a lawful purpose or public purpose and under process of law;

(b) The measures are non discriminatory;

(c) The measures are accompanied by provisions for the payment of prompt, adequate and effective compensation. Such compensation shall amount to the fair market value without delay before the measure of dispossession became public knowledge. Such market value shall be determined in accordance with internationally acknowledged practices and methods or, where such fair market value cannot be determined, it shall be such reasonable amount as may be mutually agreed between the Contracting Parties hereto, and it shall be freely transferable in freely usable currencies from the Contracting Party. The compensation shall include interest from the date of expropriation until the date of payment of the appropriate commercial rate.

Article V. Compensation for Losses

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 in the territory of the latter Contracting Party, shall be accorded by the latter Contracting Party treatment, as regards restitutions, indemnification, compensation or other settlement.

2. The treatment shall not be less favourable than that which the latter Contracting Party accords to its own investors or investors of any third state, whichever is more favourable to the investors concerned.

Article VI. Transfer

1. Either Contracting Party shall guarantee within the scope of its laws and regulations in respect to investments by investors of the other Contracting Party grant to those investors without delay, the transfer of:

a. Profits, interests, dividends and other current income;

b. Funds necessary (i) For the acquisition of raw or auxiliary materials, semi fabricated or finished products, or

(ii) To replace capital assets in order to safeguard the continuity of an investment;

c. Additional funds necessary for the development of an investment;

d. Funds in repayment of loans;

e. Royalties or fees;

f. Earnings of natural persons;

g. The proceeds of sale or liquidation of the investment;

h. Compensation for losses;

i. Compensation for expropriation.

2. Such transfer shall be made at the prevailing rate of exchange on the date of transfer with respect to current transaction in the currency to be transferred.

Article VII. Subrogation

If the investments of an investor of the one Contracting Party are insured against non-commercial risks under a system established by law, any subrogation of the insurer or re-insurer to the rights of the said investor pursuant to the terms of such insurance shall be recognized by the other Contracting Party, provided, however, that the insurer or the re-insurer shall not be entitled to exercise any rights other than the rights which the investor would have been entitled to exercise.

Article VIII. Settlement of Disputes between Investors and the Contracting Parties

1. Any dispute between a Contracting Party and an investor of the other Contracting Party, concerning an investment of the latter in the territory of the former, be settled amicably through consultations and negotiations.

2. If such a dispute cannot be settled within a period of six months from the date of a written notification either party requested amicable settlement, the dispute shall, at the request of the investor concerned, be submitted either to the judicial procedures provided by the Contracting Party concerned or to international arbitration or conciliation.

3. Each Contracting Party hereby consents to submit any dispute arising between that Contracting Party and an investor of the other Contracting Party concerning an investment of that investor in the territory of the former Contracting Party to the International Center for Settlement of Investment Disputes for settlement by conciliation or arbitration under the Convention on the Settlement of Investment Disputes between States and Nationals of other States opened for signature at Washington D.C., on 18 March 1965.

Article IX. Settlement of Disputes between the Contracting Parties Concerning Interpretation and Application of the Agreement

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

2. If a dispute between the Contracting Parties thus cannot be settled within six months from notification of a dispute, it shall upon the request of either Contracting Party be submitted to an arbitral tribunal, consisting of three members. Each Contracting Party appoints one member of the tribunal, who then select a Chairman, who is a citizen of a third State, which has diplomatic relations with both Contracting Parties.

3. If one of the Contracting Parties does not appoint its arbitrator and does not agree with the invitation of other Contracting Party to make necessary appointment during two months, the latter may invite the President of International Court of Justice to make any necessary appointments.

4. If two appointed arbitrators do not reach agreement, concerning the appointment of the Chairman, any Contracting Party may apply to the President of the International Court of Justice to make necessary appointments.

5. If in cases, indicated in paragraphs 3 and 4 of the present Article, the President of International Court of Justice can not exercise these functions or if he is a national of one of the Contracting Parties, the Deputy President shall make all necessary

appointments, and if he can not make these appointments, next by seniority member of International Court, who is not a citizen of any Contracting Parties shall make all appointments.

6. The tribunal shall reach its decisions considering respect to laws. On any stage of making a decision, the tribunal may propose to reach an agreement by friendly way. Previous provisions shall not create obstacles to such settlement of a dispute.

7. The tribunal shall determine its own rules of proceedings, not violating other agreements of Contracting Parties. The tribunal reaches its decisions by majority of votes.

8. Each Contracting Party shall bear the cost of its own member of tribunal, according to their part in arbitral proceedings. The cost of Chairman and other expenses shall be borne in equal parts by the Contracting Parties. The tribunal may determine more higher part in covering expenses for one of the Contracting Parties, and its decision shall be binding for each Contracting Party.

9. Decisions of the Tribunal shall be final and binding for Contracting Parties.

Article X. Applicability of this Agreement

This Agreement shall apply to investments by investors of Uzbekistan in the territory of the Republic of Indonesia which have been previously granted admission in accordance with the Law No. 1 of 1967 concerning Foreign Investment and any law amending or replacing it, and to investments by investors of the Republic of Indonesia in the territory of Uzbekistan according to legislation on investment which is valid on the date making investment.

Article XI. Application of other Provisions

If the provisions of law of either Contracting Party or obligations under international law existing at present or established hereafter between the Contracting Parties in addition to the present Agreement contain a regulation, whether general or specific, entitling investments by investors of the other Contracting Party to a treatment more favourable than is provided for by the present Agreement, such regulation shall to the extent that it is more favourable prevail over the present Agreement.

Article XII. Consultation and Amendment

1. Either Contracting Party may request that consultations be held on any matter concerning this Agreement. The other Party shall accord sympathetic consideration to the proposal and shall afford adequate opportunity for such consultations.

2. This Agreement may be amended at any time, if deemed necessary, by mutual consent.

Article XIII. Entry Into Force, Duration and Termination

1. This Agreement shall enter into force three months after the latter date on which the Contracting Party has notified each other that their constitutional requirements for the entry into force of this Agreement has been fulfilled.

2. In respect of investments made prior to the date of termination of this Agreement becomes effective, the provisions of Article I to XII shall remain in force for a further period of ten years from the date of termination of the present Agreement.

IN WITNESS WHEREOF, the undersigned, duly authorized thereto by their respective Governments, have signed this Agreement.

Done in duplicate at Jakarta on 27 August 1996 in Indonesian, Uzbek, and English languages.

All texts are equally authentic. If there is any divergence concerning the interpretation, the English text shall prevail.

FOR THE GOVERNMENT OF THE REPUBLIC OF INDONESIA

ALI ALATAS

Minister for Foreign Affairs

FOR THE GOVERNMENT OF THe REPUBLIC OF UZBEKISTAN

CHZEN VICTOR ANATOLIEVICH

Vice Prime Minister