

**AGREEMENT**  
**between the Government of the Russian Federation**  
**and the Government of the Republic of Yemen**  
**on the Promotion and Reciprocal Protection of Investments**

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

intending to create favourable conditions for the realization of investments by investors of one Contracting Party in the territory of the other Contracting Party,

recognizing that the promotion and reciprocal protection of investments on the basis of the present Agreement shall stimulate the flow of capital and contribute to the development of the mutually beneficial trade and economic, scientific and technical co-operation,

have agreed as follows:

**Article 1**  
**Definitions**

For the purposes of this Agreement:

a) Term "investor" (with regard to each Contracting Party) shall mean:  
any natural person who is a citizen of the state of that Contracting Party;  
any legal person established or constituted under the legislation of that Contracting Part;

b) Term "investments" shall mean all kinds of assets invested by investor of one Contracting Party in the territory of the other Contracting Party in accordance with the latter Contracting Party's legislation and in particular:

movable and immovable property;

shares, stocks and other forms of participation in capital of commercial organizations;

claims to money invested for the purpose of creating economic values or under contracts having an economic value, related to investments;

exclusive rights to intellectual property (copyrights, patents, industrial designs, models, trade marks and service marks, technology, information having commercial value and "know-how");

rights conferred by law or under contract to conduct business activity related in particular to exploration, development, extraction and exploitation of natural resources.

Any change of the form of investments shall not affect their qualification as investments if such change is not in contradiction with the acting legislation of the Contracting Party in the territory of which the investments were made;

c) Term "returns" shall mean the amounts yielded from investments and include in particular, profit, dividends, interest, licence remunerations and other fees.

d) Term "territory of the Contracting Party" shall mean the territory of the Russian Federation or the territory of the Republic of Yemen as well as their respective exclusive economic zones and continental shelf defined in accordance with the Convention on the Law of the Sea (1982).

Term "legislation of the Contracting Party" shall mean the laws and other regulations of the Russian Federation or the laws and other regulations of the Republic of Yemen.

## **Article 2 Protection of Investments**

1. Each Contracting Party shall aspire to create favourable conditions to investors of the other Contracting Party to make investments in its territory and admits such investments in accordance with its legislation.

2. Each Contracting Party in accordance with its legislation shall provide full protection on its territory to investments of investors of the other Contracting Party.

## **Article 3 Treatment of investments**

1. Each Contracting Party shall ensure in its territory fair and equitable treatment of the investments made by investors of the other Contracting Party related management and disposal of investments.

2. The treatment referred to in paragraph I of this Article shall be at least as favourable as that granted to the investments and activities in connection with such investments by its own investors or investors of a third state whichever is the more favourable according to the investor.

3. Each Contracting Party shall reserve the right to apply and introduce exemptions of national treatment to foreign investors and their investments i.e. reinvestments.

4. The treatment granted in accordance with paragraph 2 of this Article shall not apply to benefits that the Contracting Party is providing or will provide in the future:

- in connection with the participation in a free trade area, customs or economic union;
- on the basis of agreements meant to avoid double taxation, or other arrangements on taxation issues;
- by virtue of agreements between the Russian Federation and the states, which had earlier formed part of the Union of Soviet Socialist Republic.

5. Without prejudice to the provisions of the articles 4,5 and 8 of this Agreement the Contracting Parties shall accord the treatment no more favourable than the treatment granted by each Contracting Party in accordance with the Agreement establishing the World Trade Organisation (the Agreement WTO) signed in April, 15-th, 1994 including the obligations of the General Agreement on Trade in Services (GATS) and also in accordance with any other multilateral arrangements concerning the treatment of investments arrived at with the participation of both Contracting Parties.

6. Insofar as matters covered by Agreement are covered by the Agreement on Partnership and Cooperation establishing a partnership between the Russian Federation, of the one part, and the European Communities and their Member States, of the other part, signed on 24 June 1994, this Agreement on Partnership and Cooperation shall apply to such matters.

#### **Article 4 Expropriation**

1. Investments of investors of one Contracting Party made in the territory of the other Contracting Party shall not be subject to measures of forced withdrawal having effect equivalent to expropriation or nationalization (hereinafter referred to as expropriation) except when such measures are carried

out in the public interests and in accordance with the procedure established by the legislation of this Contracting Party, when they are not discriminatory and are accompanied by prompt, adequate and effective compensation.

2. The compensation shall correspond to the market value of the expropriated investments amounted on date when the actual or impending expropriation has become known officially. The compensation shall be paid without delay in freely convertible currency and freely transfer from the territory of one of the Contracting Party to the territory of the other Contracting Party. From the moment of expropriation until the moment of payment the amount of compensation shall be subject to accrued interest at a commercial rate established on a market basis, but no higher than six months U.S. dollar credits LIBOR rate.

### **Article 5 Compensation for Losses**

Investors of one Contracting Party whose investments suffer losses in the territory of the other Contracting Party as a result of war, civil disturbance or other similar circumstances shall be accorded a treatment, as regards restitution, indemnification, compensation or other types of settlement, more favourable than that which the latter Contracting Party accorded to investors of a third state or its own investors as regards to any measures it takes in relation to such losses.

### **Article 6 Transfer of Payments**

1. Each Contracting Party shall guarantee to investors of the other Contracting Party, upon fulfilment by them of all tax obligations, a free transfer abroad of payments related to their investments, and in particular:

- a) returns;
- b) funds in repayment of loans and credits recognised by both Contracting Parties as investments, as well as accrued interest;
- c) proceeds from sale or full or partial liquidation of investments;
- d) compensation, stipulated in the Articles 4 and 5 of this Agreement;
- e) wages and other remunerations received by investor and natural persons of the other Contracting Party authorised to work in connection with investments in the territory of the first Contracting Party.

2. Transfers of payments shall be made without delay in freely convertible currency at the rate of exchange applicable on the date of a transfer pursuant to the exchange legislation of the Contracting Party in whose territory the investments were made.

### **Article 7 Subrogation**

A Contracting Party or its designated agency having made payment to an investor based on a guarantee issued for non-commercial risks in relation to an investment in the territory of the other Contracting Party, shall be by virtue of subrogation, entitled to exercise the rights of the investors to the same extent as the said investor. Such rights shall be exercised in accordance with the legislation of the latter Contracting Party.

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

1. Disputes between one Contracting Party and an investor of the other Contracting Party arising in connection with an investment of the investor in the territory of the first Contracting Party, including disputes relating to the amount, conditions and procedure of payment of a compensation in accordance with Articles 4 and 5 or to the procedure of transfer of payments set in Article 6 of this Agreement, shall be settled if possible by way of negotiations.

2. If a dispute cannot be settled by way of negotiations during a period of six months starting from the date of the request of any parties to the dispute about settlement by way of negotiations it shall be submitted at the choice of an investor for consideration to:

- a competent court or arbitration court of the Contracting Party in the territory of which the investments were made, or
- an ad hoc arbitration court in accordance with the Arbitration Rules of the United Nations Commission on International Trade Law (UNCITRAL), or
- to the International Centre for Settlement of Investment Disputes, created pursuant to the Convention on the Settlement of Investment Disputes between States and Nationals of Other States signed at Washington on 18 March 1965 for settlement of a dispute according to

provisions of this Convention (subject to it enter into force for both Contracting Parties), or

- Additional Facility Rules of International Centre for Settlement of Investment Disputes (provided that Convention don't enter into force for either the Contracting Party or both).

3. An Arbitration award shall be final and binding upon both parties to the dispute. Each Contracting Party undertakes to enforce this award in accordance with its legislation.

### **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 settled by way of negotiations.

If a dispute cannot be settled in such a way within six months from the beginning of the negotiations, it shall be submitted upon the request of either Contracting Party to an arbitrate tribunal.

2. An arbitrate tribunal shall be constituted for each individual case to this effect each Contracting Party appoints one member of the arbitration tribunal within two months of the receipt of the request for arbitration. Those two members then shall select a national of a third state who on the approval of the two Contracting Parties shall be appointed as the Chairman of the arbitrate tribunal within a month from the date of the appointment of the other two members.

3. If within the time-limits specified in para 2 of this Article the necessary appointments have not been made, either Contracting Party may, in the absence of any other agreement, shall invite the President of the International Court of Justice to make such appointments. If the President of the International Court of Justice is a national of the state of either Contracting Party or is otherwise unable to discharge the said function, the Vice-President of the International Court of Justice shall be invited to make the necessary appointments. If the Vice-President of the International Court of Justice is a national of the state of either Contracting Party or is otherwise unable to discharge the said function, the member of the International Court of Justice who is not a national of the state of either Contracting Party next in seniority shall be invited to make the necessary appointments.

4. The arbitrate tribunal shall render the award by a majority of votes. Such award shall be final and binding upon the Contracting Parties. Each Contracting Party shall bear the costs of activities of its own member of the

court and of its representation in the arbitration proceedings; the costs related to the activities of the Chairman of the arbitrate tribunal and other costs shall be borne in equal parts by the Contracting Parties. The tribunal may, however, in its award direct that a higher portion of costs shall be borne by one of the Contracting Parties and such award shall be binding on both Contracting Parties. The arbitrate tribunal shall establish its own procedure independently.

### **Article 10 Consultations**

The Contracting Parties shall consult at the request of either of them, on the matter concerning the interpretation or application of this Agreement.

### **Article 11 Application of the Agreement**

This Agreement shall apply to all investments made by investors of one of the Contracting Parties in the territory of the other Contracting Party after the entry into force of this Agreement.

### **Article 12 Entry into force and Duration of the Agreement**

1. Each Contracting Party shall notify the other Contracting Party in writing of the completion of internal state procedures required for the entry into force of this Agreement. This Agreement shall enter into force on the date of the latter of the two notifications.

2. This Agreement shall remain in force for a period of fifteen years. Upon expiration of this period it shall automatically extend for subsequent period of five years unless one of the Contracting Party shall notify the other Contracting Party in writing at least twelve months in advance of its intention to terminate this Agreement.

3. This Agreement may be amended in writing by mutual consent of the Contracting Parties. Any amendment shall enter into force after each Contracting Party has notified the other Contracting Party in writing that it has completed all internal state requirements for the entry into force of such amendment.

4. With respect to investments made prior to the date of termination of this Agreement the provisions of all other articles of this Agreement shall continue in effect for a period of fifteen years after the date of its termination.

Done at Moscow on December, 27<sup>th</sup>, 2002 in duplicate in the Russian and English languages, all texts being equally authentic.

**For the Government of  
the Russian Federation**



**For the Government of  
the Republic of Yemen**

