

**A G R E E M E N T**  
**between the Government of the Russian Federation**  
**and the Government of the Republic of Nicaragua on the**  
**Promotion and Reciprocal Protection of Investments**

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

intending to create favorable conditions for making investments by investors of the State of one Contracting Party in the territory of the State of the other Contracting Party,

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

intending to provide investors of the States of both Contracting Parties with reliable and effective legal framework for the protection of their rights and interests related to their investments,

have agreed as follows:

**ARTICLE 1**  
**Definitions**

For the purposes of the present Agreement the following terms shall mean:

a) "investments" are all kinds of property assets invested by investors of the State of one Contracting Party in the territory of the State of the other Contracting Party in accordance with the legislation of the State of the latter Contracting Party, in particular:

movable and immovable property, as well as rights related with them;

shares, stocks and other forms of participation in the capital of enterprises;  
exclusive rights to intellectual property such as copyrights, patents, models and industrial designs, trade marks and service marks, "know-how", technology and information having commercial value;

rights conferred by the legislation of the State of the latter Contracting Party or under contract concluded in accordance with such legislation to conduct business activity related but not limited 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 does not contradict the legislation of the State of the Contracting Party in whose territory the investments are made;

b) "investor" is any natural or juridical person of the State of either Contracting Party that has made investments in the territory of the State of the other Contracting Party in accordance with the legislation of the State of the latter Contracting Party:

i) "natural person" is any person who is a citizen of the State of the former Contracting Party in accordance with its legislation;

ii) "juridical person" is any entity whether public or private established or constituted under the legislation of the State of the former Contracting Party;

c) "returns" are the amounts yielded from investments including, in particular, profit, dividends, interest, license and other fees;

d) "territory" is the territory of the Russian Federation or the territory of the Republic of Nicaragua, as well as their respective exclusive economic zones and continental shelves defined in accordance with national legislation and international law;

e) "legislation" is the laws and other regulations of the Russian Federation or the laws and other regulations of the Republic of Nicaragua.

**ARTICLE 2**  
**Promotion, Admission and Protection of Investments**

1. Each Contracting Party shall aspire to promote in the territory of its State investments of investors of the State of the other Contracting Party and shall admit such investments in accordance with the legislation of its State.

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

**ARTICLE 3**  
**Treatment of Investments**

1. Each Contracting Party shall provide in the territory of its State fair and equitable treatment for the investments made by investors of the State of the other Contracting Party in respect of management, maintenance, enjoyment, use or disposal of such investments.

2. The treatment referred to in paragraph 1 of this Article shall not be less favorable than a treatment granted by a Contracting Party to the investments of investors of its own State or to investments of investors of any third State.

3. Each Contracting Party reserves the right to apply and to introduce in accordance with the legislation of its State exceptions to national treatment, granted in accordance with paragraph 2 of this Article, to foreign investors and their investments.

4. The provisions of this Article related to the most-favored nation treatment shall not be construed so as to oblige one Contracting Party to extend to the investments made by investors of the State of the other Contracting Party the

benefits of any treatment, preference or privilege which are extended or may be extended in the future by the former Contracting Party:

a) in connection with its participation in a free trade area, customs union, monetary union, common market and any similar economic integration institutions or any international agreement that results in such unions or institutions;

b) on the basis of agreements on avoidance of double taxation or other arrangements relating to the taxation issues;

c) by virtue of agreements between the Russian Federation and the states, which had earlier formed part of the Union of Soviet Socialist Republics.

5. As soon as the Russian Federation becomes a Member of the WTO, and without prejudice to the provisions of Articles 4, 5 and 8 of the present Agreement, neither Contracting Party is committed by the present Agreement to accord a treatment more favorable than the treatment granted by that Contracting Party in accordance with its obligations under the Agreement establishing the World Trade Organization (the WTO Agreement) signed in April, 15-th, 1994 including the obligations of the General Agreement on Trade in Services (GATS) and also in accordance with any multilateral arrangements concerning the treatment of investments to which the States of both Contracting Parties are parties.

#### **ARTICLE 4** **Expropriation**

1. Investments of investors of the State of one Contracting Party made in the territory of the State of the other Contracting Party and returns of such investors shall not be expropriated, nationalized or subjected to any measures, 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 the State of the latter Contracting Party, when they are not discriminatory and entail payment of prompt, adequate and effective compensation.

2. The compensation referred to in paragraph 1 of this Article shall correspond to the fair market value of the expropriated investment calculated on the date immediately preceding the date of expropriation or the date immediately preceding the date when impending expropriation became public knowledge, whichever is the earlier. The compensation shall be paid without delay and in freely convertible currency and, subject to Article 6 of the present Agreement, shall be freely transferred from the territory of the State of one of the Contracting Parties to the territory of the State of the other Contracting Party. From the date of expropriation until the date of actual payment of the compensation the amount of the compensation shall be subject to accrued interest at a market-defined commercial rate but no lower than LIBOR rate for six months US dollar credits.

#### **ARTICLE 5** **Compensation for Damages and Losses**

Investors of the State of one Contracting Party whose investments and returns suffer damages or losses owing to war, armed conflict, insurrection, revolution, riot, civil disturbance, a state of national emergency or any other similar event in the territory of the State of the other Contracting Party shall be accorded by the latter Contracting Party in respect of such damages or losses, as regards the restitution, indemnification, compensation or other settlements, a treatment no less favorable than that which the latter Contracting Party accords to investors of its own State or to investors of a third State, whichever investor considers as more favorable.

## **ARTICLE 6**

### **Transfer of Payments**

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

a) initial capital or any additional amounts for the maintenance or extension of the investment;

b) returns;

c) funds in repayment of loans and credits recognized by both Contracting Parties as investments, as well as accrued interests;

d) proceeds from the partial or full liquidation or sale of investments;

e) compensation, indemnification or other settlements referred to in Articles 4 and 5 of the present Agreement;

f) wages and other remunerations received by investors and nationals of the State of the latter Contracting Party who have the right to work in the territory of the State of the former Contracting Party in relation to the investments;

g) payments resulting from the settlement of disputes pursuant to Article 8 of the present Agreement.

2. The transfer of payments referred to in paragraph 1 of this Article shall be made without delay in a freely convertible currency at the rate of exchange applicable on the date of the transfer pursuant to the foreign exchange legislation of the State of the Contracting Party in whose territory the investments are made.

3. Notwithstanding paragraph 1 and 2 of this Article, a Contracting Party may prevent a transfer through the equitable, non-discriminatory, and good faith application of the legislation of its State.

**ARTICLE 7**  
**Subrogation**

Where a Contracting Party or an agency authorized by it has granted a financial guarantee for protection against non-commercial risks with regard to an investment of an investor of its State in the territory of the State of the other Contracting Party, and makes a payment under this guarantee, the latter Contracting Party shall recognize the acquirement of the rights of this investor by the former Contracting Party by virtue of subrogation. Such rights shall be exercised in accordance with the legislation of the State of the Contracting Party in whose territory the investments are made.

**ARTICLE 8**  
**Settlement of Disputes between a Contracting Party and an Investor of the State of the other Contracting Party**

1. Disputes between one of the Contracting Parties and an investor of the State of the other Contracting Party arising in connection with the investments of the investor in the territory of the State of the former Contracting Party, including but not limited only to the disputes relating to the amount, conditions and procedure of payment of compensation in accordance with Articles 4 and 5 of the present Agreement or to the procedure of transfer of payments set out in Article 6 of the present Agreement, shall be settled, as far as possible, amicably through negotiations.

2. When the dispute cannot be settled amicably through negotiations during a period of six months starting from the date of receipt of a written request by any party to the dispute about its settlement through negotiations the dispute may be submitted at the choice of the investor for consideration:

- to a competent court of the State of the Contracting Party in whose territory the investments are made, or

- to an ad hoc arbitration court in accordance with the Arbitration Rules of the United Nations Commission on International Trade Law (UNCITRAL).

3. Once the dispute is submitted to one of the fora listed in paragraph 2 of this Article this choice shall be final.

4. The arbitration award on the dispute considered in accordance with this Article shall be final and binding upon both parties to the dispute. Each Contracting Party shall ensure the enforcement of this award in accordance with the legislation of its State.

#### **ARTICLE 9** **Settlement of Disputes between the Contracting Parties**

1. Disputes between the Contracting Parties concerning interpretation or application of the present Agreement shall be settled, as far as possible, amicably through consultations or negotiations between the Contracting Parties.

2. If the dispute cannot be settled amicably through consultations or negotiations between the Contracting Parties within six months from the date of receipt of a written request by either Contracting Party for consultations or negotiations it shall, upon the request of either Contracting Party, be submitted for consideration by an arbitrate tribunal.

3. The arbitrate tribunal shall be constituted for each individual case for which purpose each Contracting Party shall appoint one member of the arbitrate tribunal within two months from the date of the receipt of the request for arbitration. Those two members of the arbitrate tribunal shall then select a national of a third State who, upon approval of the two Contracting Parties, shall be appointed as the Chairman of the arbitrate tribunal within two months from the date of the appointment of the latter of two members of the arbitrate tribunal.

4. If within the time-limits 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 between the Contracting Parties, 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 also 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 next in seniority who is not a national of the State of either Contracting Party and is not otherwise prevented from discharging the said function shall be invited to make the necessary appointments.

5. The arbitrate tribunal shall reach its decision by a majority of votes. Such decision shall be final and binding upon the Contracting Parties. Each Contracting Party shall bear the costs of the activities of its own member of the arbitrate tribunal and of its representation in the arbitration proceedings. 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 decision direct that a higher portion of costs shall be borne by one of the Contracting Parties and such decision shall be binding upon both Contracting Parties. The arbitrate tribunal shall determine its own rules of procedure independently.

#### **ARTICLE 10** **Consultations**

The Contracting Parties shall consult, at the request of either Contracting Party, on matters concerning interpretation or application of the present Agreement.

**ARTICLE 11**  
**Application of the Agreement**

The present Agreement shall apply to investments made by investors of the State of one of the Contracting Parties in the territory of the State of the other Contracting Party after its entry into force.

**ARTICLE 12**  
**Entry into Force and Duration of the Agreement**

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

2. The present Agreement shall remain in force for an initial period of ten years. Thereafter it shall be automatically extended for subsequent periods of five years unless one of the Contracting Parties notifies in writing the other Contracting Party, no less than twelve months prior to the end of the corresponding period, of its intention to terminate the present Agreement.

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

4. In respect of investments falling within the scope of application of the present Agreement made prior to the date of termination of the present Agreement, the provisions of the present Agreement shall remain in force for the further period of ten years from the date of termination of the present Agreement.

Done at Moscow on 26 of January 2012 in duplicate each in the Russian, Spanish and English languages, all texts being equally authentic. In case of divergence of interpretation of the present Agreement the text of the present Agreement in the English language shall be used.



For the Government of the  
Russian Federation



For the Government of the  
Republic of Nicaragua