

**AGREEMENT BETWEEN
THE GOVERNMENT OF THE RUSSIAN FEDERATION AND THE
GREAT SOCIALIST PEOPLE'S LIBYAN ARAB JAMAHIRIYA ON
THE PROMOTION AND RECIPROCAL PROTECTION OF
INVESTMENTS**

The Government of the Russian Federation and the Great Socialist People's Libyan Arab Jamahiriya, hereinafter referred to as the Contracting Parties,

intending to create favourable conditions for making investments by investors 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 this Agreement shall stimulate inflow of capital and contribute to development of the mutually beneficial trade, economic, scientific and technical co-operation,

have agreed as follows:

**ARTICLE 1
Definitions**

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

a) "investor" (with regard to each Contracting Party):

any natural person who is a citizen of the State of that Contracting Party making 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;

any legal person established or constituted under the legislation of the State of that Contracting Party making 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;

b) "investments" are all kinds of property assets invested by investor 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 and in particular:

movable and immovable property;

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

claims to money invested for the purpose of creating economic values or under contracts having an economic value and 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 the legislation of the State of the latter Contracting Party or under contract related to investments 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 does not contradict the legislation of the State of the Contracting Party in which territory the investments are made;

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

d) "territory" is the territory of the Russian Federation or the territory of the Great Socialist People's Libyan Arab Jamahiriya as well as exclusive economic zone and continental shelf of the Russian Federation or the Great Socialist People's Libyan Arab Jamahiriya defined in accordance with the United Nations Convention on the Law of the Sea of 10 December 1982.

e) "legislation" is the laws and other regulations of the Russian Federation or the laws and other regulations of the Great Socialist People's Libyan Arab Jamahiriya.

ARTICLE 2

Promotion and Protection of Investments

1. Each Contracting Party shall aspire to create favourable conditions for investors of the other Contracting Party to make investments in the territory of the State of the former Contracting Party and admits 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 protection on the territory of its State to investments of investors 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 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 favourable than that granted by a Contracting Party to the investments of its own investors or to the investments of investors of any third State, whichever investor considers as more favourable.

3. Each Contracting Party shall reserve the right to apply and to introduce exceptions of national treatment in respect of foreign investors and their investments, including reinvestments.

4. The provision of paragraph 2 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 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 resulting in such unions or institutions;

b) on the basis of agreements meant to avoid double taxation or other arrangements relating to the taxation issues.

5. Without prejudice to the provisions of Articles 4, 5 and 8 of this Agreement, neither Contracting Party is committed by this Agreement to accord a treatment more favourable than the treatment granted by that Contracting Party in accordance with its obligations under the Agreement establishing the World Trade Organization (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 multilateral arrangements concerning the treatment of investments to which both Contracting Parties are parties.

ARTICLE 4 Expropriation

1. Investments of investors of one Contracting Party made in the territory of the State of the other Contracting Party and returns of such investors shall not be either directly or indirectly 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 market value of the expropriated investments 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 in freely convertible currency and subject to the Article 6 of this Agreement shall be freely transferred from the territory of the State of one Contracting Party 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 not lower than LIBOR rate for six months US dollar credits.

ARTICLE 5

Compensation for Losses

Investors of one Contracting Party whose investments suffer damages or losses owing to war, armed conflict, insurrection, revolution, riot, civil disturbance, a state of national emergency or any other similar events in the territory of the State of the other Contracting Party shall be accorded, as regards the restitution, indemnification, compensation or other settlements, a treatment most favourable of those which the latter Contracting Party accords to investors of a third State or to its own investors.

ARTICLE 6

Transfer of Payments

1. Each Contracting Party shall guarantee to investors of the other Contracting Party on a non-discriminatory basis, subject to the legislation of its State and upon fulfillment by them of all their 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 recognized by both Contracting Parties as investments, as well as accrued interest;
- c) proceeds from the partial or full liquidation or sale of investments;
- d) compensation, indemnification or other settlements referred to in articles 4 and 5 of this Agreement;
- e) wages and other remunerations received by investor 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.

3. 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 which territory the investments are made.

ARTICLE 7

Subrogation

If a Contracting Party or its designated agency has granted to its investor a financial guarantee against non-commercial risks with respect to investments of such investor in the territory of the State of the other Contracting Party, and makes payment under such guarantee, the other Contracting Party shall recognize acquirement by the former Contracting Party or its designated agency by virtue of subrogation of all rights and claims of the investor. The Contracting Party or its designated agency shall not assert greater rights and claims than those of the investor from whom such rights and claims were acquired. Such rights and claims shall be exercised in accordance with the legislation of the State of the Contracting

Party in which territory the investments are made.

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

1. Disputes between one of the Contracting Parties and an investor 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 disputes relating to the amount, conditions and procedure of payment of compensation in accordance with Articles 4 and 5 of this Agreement or to the procedure of transfer of payments set out in Article 6 of this Agreement, shall be settled, as far as possible, through negotiations.

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

- to a competent court of the State of the Contracting Party in which 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), or

- to the International Centre for Settlement of Investment Disputes, established pursuant to the Convention on the Settlement of Investment Disputes between States and Nationals of other States, signed in Washington D.C. 18 March 1965 for settlement of the dispute according to provisions of this Convention (provided it entered into force for States of both Contracting Parties), or according to Additional Facility rules of the International Centre for Settlement of Investment Disputes (provided that Convention didn't enter into force for either of the States of the Contracting Parties or both of them).

3. 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 this Agreement shall be settled, if possible, through negotiations between the Contracting Parties.

2. If the dispute cannot be settled within six months from the date of a written request for negotiations by either Contracting Party 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 Chairman of the arbitrate tribunal within one month from the date of the appointment of the other two members.

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 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 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 of them, on matters concerning 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 State of the other Contracting Party beginning from January 1, 2004, but shall not apply to the disputes that arose before 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 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. 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 this Agreement.

3. This Agreement may be amended by mutual written consent of the Contracting Parties. Any amendment to this Agreement shall enter into force in accordance with the provisions of the arrangement containing such amendment.

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

Done at *Tripoli* on *April 17, 2008* in duplicate each in the Russian, Arabic and English languages, all texts being equally authentic. In case of divergence of interpretation of this Agreement the text in the English language shall be used.

**For the Government of the
Russian Federation**



**For the Great Socialist People's
Libyan Arab Jamahiriya**

