

**AGREEMENT**  
**BETWEEN THE GOVERNMENT OF THE RUSSIAN FEDERATION**  
**AND THE GOVERNMENT OF THE REPUBLIC OF INDONESIA**  
**ON THE PROMOTION AND PROTECTION OF INVESTMENTS**

The Government of the Russian Federation and the Government of the Republic of Indonesia (hereinafter referred to as " the Contracting Parties"),

Bearing in mind the friendly conditions and cooperative relations between two states;

Intending to create favorable conditions for investments by investors of one Contracting Party in the territory of the other Contracting Party;

Recognizing that the promotion and protection of the investments on the basis of the present Agreement shall stimulate the mutual inflow of capital in both states;

HAVE AGREED AS FOLLOWS :

**Article 1**  
**Definitions**

For the purpose of this Agreement:

- a) the term "investors" shall mean with regard to either Contracting Party:
- (i) natural persons who, according to the laws and regulations of that Contracting Party, are considered to be the nationals of its state;
  - (ii) legal persons, which are constituted or established under the laws and regulations of that Contracting Party and have their seat in the territory of that Contracting Party;
- b) the term "investments" shall mean all kinds of assets invested by investors of one Contracting Party in the territory of the other Contracting Party in accordance with the laws and regulations of the latter Contracting Party, including, but not exclusively :
- i) movable and immovable property as well as rights in rem including rights as mortgages, liens or pledges;
  - ii) shares, stocks and other forms of participation in capital of the legal person;
  - iii) claims to money invested for the purpose of creating economic values or under contracts having an economic value, related to investments;

- iv) intellectual property rights, including but not exclusively copyrights, patents, industrial designs, models, trade marks and service marks, technology, information having commercial value and "know-how";
- v) 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 in which assets are invested or reinvested shall not affect their character as investments provided that such changes do not contradict the laws and regulations of the Contracting Party in the territory of which the investments were made;

- c) the term "returns" shall mean the amount yielded from investments, including, but not exclusively: profits, interests, capital gains, dividends, royalties and fees;
- d) the term "territory of the Contracting Party" shall mean:
  - (i) with respect to the Russian Federation: the territory of the Russian Federation as well as its exclusive economic zone and continental shelf defined in accordance with the United Nations Convention on the Law of the Sea (1982);
  - (ii) with respect to the Republic of Indonesia: the territory of the Republic of Indonesia, according to the provisions of international law and its national law, comprises the land, territorial sea as well as its seabed and subsoil, archipelagic waters, internal waters and the airspace over the land and the territorial sea in which Indonesia exercises its sovereignty, and also the exclusive economic zone and continental shelf in which Indonesia exercises its sovereign rights in accordance with the United Nations Convention on the Law of the Sea (1982);
- e) the term "freely convertible currency" shall mean currencies that the International Monetary Fund determines, from time to time, as freely convertible currencies in accordance with the Articles of Agreement of the International Monetary Fund and Amendments thereafter;
- f) the term "laws and regulations 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 Indonesia.

**Article 2**  
**Promotion and Protection of Investments**

1. Each Contracting Party shall aspire to create favorable conditions for investors of the other Contracting Party to make investments in its territory and admits such investments in accordance with its laws and regulations.
2. Each Contracting Party in accordance with its laws and regulations shall provide 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 to management, maintenance, enjoyment, use or disposal of such investments.
2. The treatment referred to in paragraph 1 of this Article shall be at least as favorable as that granted by the Contracting Party in the territory of which the investments are made to the investments of its own investors in accordance with the laws and regulations of that Contracting Party or to investments of investors of any third state, whichever the investors consider as more favorable.
3. Each Contracting Party shall reserve the right to apply and to introduce in accordance with its laws and regulations exceptions from the national treatment mentioned in paragraph 2 of this Article.
4. The most favored nation treatment granted in accordance with paragraph 2 of this Article shall not be construed so as to oblige one Contracting Party to extend to the investments of investors of the other Contracting Party the benefit of any treatment, preference or privilege which may be extended by the former Contracting Party by virtue of:
  - a) any customs union or free trade area or a monetary union or international agreements leading to such unions to which the former Contracting Party is or may become a party;
  - b) agreements on the avoidance of double taxation or other arrangements relating to

taxation;

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

5. Without prejudice to the provisions of Articles 4, 5 and 8 of this Agreement, the Contracting Parties shall accord a treatment no more favorable than the treatment granted by each Contracting Party in accordance with the Agreement establishing the World Trade Organization (the WTO Agreement) signed on April, 15<sup>th</sup>, 1994 including the obligations of the General Agreement on Trade in Services (GATS).

#### **Article 4 Expropriation**

1. Investments of investors of one Contracting Party made in the territory of the other Contracting Party shall not be nationalized, expropriated or subjected to measures having effect equivalent to nationalization or expropriation (hereinafter referred to as "expropriation") except when such measures are taken for public interests in accordance with the procedure established by the laws and regulations of the latter Contracting Party, on a non-discriminatory basis and entail prompt, adequate and effective compensation.
2. The compensation shall amount to the market value of the expropriated investments at the time immediately before the date of expropriation or before the date when the expropriation becomes publicly known, whichever is the earlier. Such compensation shall be paid in freely convertible currency.
3. The compensation shall be paid without delay. In case of delay the compensation shall also include interest calculated from the date of expropriation until the date of payment at the rate equivalent to the commercial rate established on a market basis, but no lower than LIBOR rate on respective U.S. dollar credits.

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

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 a treatment, as regards restitution, indemnification, compensation or other settlement no less favorable than that which the latter Contracting Party accords to its own investors or investors of any third state, whichever is more favorable to the investors concerned.

### **Article 6 Transfers of Payments**

1. Each Contracting Party shall guarantee to investors of the other Contracting Party, upon fulfillment by them of all fiscal obligations and in accordance with its laws and regulations in respect of investments by investors of the other Contracting Party a free transfer in its territory and abroad of payments related to their investments, and in particular:
  - a) additional amounts intended to maintain or increase the investments;
  - b) returns from the investments;
  - c) proceeds obtained from the sale and total or partial liquidation of the investments;
  - d) funds in repayment of loans relating to investments;
  - e) compensation payable in accordance with Articles 4 and 5 of this Agreement;
  - f) the remuneration received by the nationals of the state of other Contracting Party who have the right to work in connection with investments made in the territory of the former Contracting Party;
  - g) sums received or payable as a result of a dispute settlement in accordance with the Article 8 of this Agreement.
2. The payments, specified in paragraph 1 of this Article, shall be converted into freely convertible currency at the market exchange rate, applicable at the date of conversion. Transfers of such payments in freely convertible currency shall be allowed without delay.
3. The conversion and transfers mentioned in paragraph 2 of this Article shall be made in accordance with the requirements provided by the laws and regulations of the Contracting Party in whose territory the investments were made.

### **Article 7 Subrogation**

Where a Contracting Party or its designated agency makes payments to its investors based on a guarantee of protection from non-commercial risks in relation

to their investments in the territory of the other Contracting Party, the latter Contracting Party shall recognize acquirement of all the rights or claims of such investors by the former Contracting Party or its designated agency. These rights or claims shall not exceed the original rights or claims of such investors transferred by virtue of subrogation. Such rights or claims shall be exercised in accordance with the laws and regulations of the latter Contracting Party.

**Article 8**  
**Settlement of Disputes between a Contracting Party**  
**and Investors of the other Contracting Party**

1. Any disputes concerning investments between the investors of a Contracting Party and the other Contracting Party shall be settled if possible amicably through the negotiations and consultations.
2. If the disputes cannot be settled amicably by means of negotiations and consultations within period of six months starting from the date of the request for such consultations and negotiations by any party to the disputes, such disputes may be submitted at the choice of the investors for settlement:
  - a) to a competent court of the state of the Contracting Party in the territory of which the investments were made; or
  - b) to an ad hoc arbitration in accordance with the Arbitration Rules of the United Nations Commission on International Trade Law (UNCITRAL); or
  - c) to the International Centre for Settlement of Investment Disputes, established under the Convention on the Settlement of Investment Disputes between States and Nationals of Other States signed at Washington D.C. on 18 March 1965 provided that the Convention has entered into force for both Contracting Parties; or in accordance with the Additional Facility Rules of the International Centre for Settlement of Investment Disputes provided that the Convention has not entered into force for either Contracting Party or both.
3. An arbitration award shall be final and binding upon both parties to the dispute. Each Contracting Party ensures the enforcement of this award in accordance with its laws and regulations.

**Article 9**  
**Settlement of Disputes between the Contracting Parties**

1. Any dispute between the Contracting Parties concerning the interpretation or application of this Agreement shall, if possible, be settled by consultations through diplomatic channels.
2. If the dispute between the Contracting Parties cannot thus be settled, it shall upon the request of either Contracting Party, be submitted to an arbitration tribunal.
3. Such an arbitration tribunal shall be constituted for each individual case in the following way. Within three months of the receipt of the request for arbitration, each Contracting Party shall appoint one member to the arbitration tribunal. Those two members shall then select a national of a third state who on approval by the two Contracting Parties shall be appointed Chairman of the arbitration tribunal. The Chairman shall be appointed within two months from the date of appointment of the other two members.
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 between the Contracting Parties, invite the President of the International Court of Justice (hereinafter referred to as "ICJ") to make the necessary appointments. If the President of the ICJ is a national of the state of either Contracting Party or is otherwise prevented from discharging the said function, the Vice-President shall be invited to make necessary appointments. If the Vice-President of the ICJ is a national of the state of either Contracting Party or is otherwise prevented from discharging the said function, the member of the ICJ 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 arbitration tribunal shall reach its decision by a majority of votes. Such decision shall be binding on both Contracting Parties. Each Contracting Party shall bear the costs of its own member of the tribunal and of its representation in the arbitral proceedings. The costs of the Chairman and the remaining costs shall be borne in equal parts by the Contracting Parties. The arbitration tribunal may however in its decision direct that a higher proportion of costs shall be borne by one of the two Contracting Parties, and this decision shall be binding on both Contracting Parties. The arbitration tribunal shall determine its own procedure.

**Article 10**  
**Applicability of the Agreement**

This Agreement shall apply to investments made after January 1, 1991 by investors of either Contracting Party in the territory of the other Contracting Party. However, this Agreement shall not apply to disputes and any claims related to investments which arouse before its entry into force.

**Article 11**  
**Consultations**

Each Contracting Party shall hold consultations at the request of either of them on matters concerning the interpretation or application of this Agreement.

**Article 12**  
**Entry into Force, Duration, Amendment and Termination**

1. Each Contracting Party shall notify the other Contracting Party in writing of the completion of internal 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 ten years. Upon expiry of this period it shall automatically be extended for subsequent five-year periods unless one of the Contracting Parties notifies the other Contracting Party in writing at least twelve months prior to the expiry of the correspondent period about its intention to terminate this Agreement.
3. This Agreement may be amended in writing by mutual consent of the Contracting Parties. Any amendments shall enter into force after each Contracting Party has notified the other Contracting Party in writing that it has completed all internal procedures required for the entry into force of such amendments.
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 all other Articles of this Agreement shall remain in force for the further period of ten years from the date of termination of this Agreement.

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

**DONE** at Jakarta, on the sixth of September, 2007 in duplicate, each in the Russian, Indonesian and English languages, all texts being equally authentic. In case of any divergence of interpretation of this Agreement the English text shall be used.

**FOR THE GOVERNMENT OF  
THE RUSSIAN FEDERATION**



**FOR THE GOVERNMENT OF  
THE REPUBLIC OF  
INDONESIA**

