

AGREEMENT
BETWEEN
THE GOVERNMENT OF THE UNION OF SOVIET SOCIALIST REPUBLICS
AND
THE GOVERNMENT OF THE REPUBLIC OF TURKEY
ON THE RECIPROCAL PROMOTION AND RECIPROCAL PROTECTION OF
INVESTMENTS

The Government of the Union of Soviet Socialist Republics and the Government of the Republic of Turkey thereafter referred to as the Contracting Parties ;

having in mind the creation of favourable conditions for the realization of investments of the investors of the one Contracting Party in the territory of the other Contracting Party,

taking into consideration that the reciprocal promotion and protection of investments will promote the development of the mutually beneficial commercial, economic, scientific and technical cooperation :

have agreed as follows :

Article I :

For the purposes of this Agreement :

1. The term "investor" shall mean :

a) Any natural person who is a citizen of the one of the Contracting Parties and who has legal right in accordance with the legislation of this Contracting Party to make investments in the territory of the other Contracting Party.

b) Any cooperation, company, firm and enterprise incorporated or constituted under the law in force in the territory of one Contracting Party provided that corporation, company, firm and enterprise is competent, in accordance with the laws of that Contracting Party, to make investments in the territory of the other Contracting Party.

2. The term "investments" shall mean all kinds of assets which investors of one of the Contracting Parties invest in the territory of the other Contracting Party in accordance with the latter Contracting Party's legislation and in particular :

a) Movable and immovable property as well as property rights thereto;

b) Shares, stocks and other forms of participation in business enterprises or companies;

c) Claim to money invested for the purpose of creating economic values related to an investment;

d) Copyrights, rights to industrial property (such as patents, trade marks and service marks, industrial samples and models), technology and "know-how";

e) Rights conferred by law or under contract to conduct economic and commercial activity related in particular to exploration, development, extraction, exploitation of natural resources.

Any alteration in the form in which assets have been invested or reinvested shall not affect the character as investment in the sense of this Agreement provided this change is not in contradiction with the legislation of the Contracting Party in the territory of which the investment was made.

3. The term "returns" means the amounts yielded as a result of investments according to paragraph 2 of this Article and includes in particular profit, dividends, interest, licence fees, royalty, technical assistance and service fees.

4. This Agreement shall be effective in the territory of each Contracting Party over which that Contracting Party exercises sovereign rights and jurisdiction in accordance with the international law.

Article II :

1. Each Contracting Party shall encourage and create favourable conditions for investors of the other Contracting Party to make investments in its territory. Each Contracting Party shall admit such investments in accordance with its laws in force.

2. Each Contracting Party shall accord to such investments, once established, treatment not less favourable than that accorded in like situations to investments of investors of any third country.

3. The provisions of this Article shall not be construed so as to oblige one Contracting Party to extend to the investors of the other Contracting Party the benefit of any treatment, benefit or privilege resulting from :

a) Any existing or future customs union, organization for mutual economic assistance or similar international agreement, whether multilateral or bilateral, to which either of the Contracting Parties is or may become a party, or

b) Any multilateral or bilateral agreement or arrangement relating wholly or mainly to taxation on the basis of reciprocity.

Article III :

Investments shall at all times be accorded fair and equitable treatment and shall enjoy full protection and security in a manner consistent with the international law.

Neither Contracting Party shall in any way impair by discriminatory measures the management, operation, maintenance, use, acquisition, expansion or disposal of investments. Each Contracting Party shall observe any obligation it may have entered in to with regard to investments of investors of the other Contracting Party.

Article IV :

1. Investments of investors of one Contracting Party made in the territory of the other Contracting Party, shall not be expropriated or nationalized or affected through measures tantamount to expropriation or nationalization ("expropriation") except for a public purpose, in a non-discriminatory manner, upon payment of prompt, adequate and effective compensation, and in accordance with due process of law and the general principles of treatment provided for in Article II.

2. Compensation shall be equivalent to the real value of the expropriated investment at the time the expropriatory action was taken. Compensation shall be paid without delay (in case of delay it shall bear interest until the date of payment), be fully realizable, and be freely transferable.

3. Investors of either Contracting Party whose investments suffer losses in the territory of the other Contracting Party owing to war, insurrection, civil disturbance or other similar events shall be accorded treatment by such other Contracting Party not less favourable than that accorded to investors of any third country, as regards any measures it adopts in relation to such losses.

Article V :

1. Each Contracting Party shall guarantee the unrestricted transfers related to investments of investors of the other Contracting Party to be made freely and without delay. Such transfers include :

- a) Returns ;
- b) Repayment of loans under a loan agreement approved by that Contracting Party and related to an investment ;
- c) proceeds from sale liquidation of all or any part of an investment;
- d) The compensation, stipulated in the Article IV of this Agreement:

2. Transfers shall be made in a freely convertible currency in which the capital was originally invested or the investment was made or in any other convertible currency agreed by the investor and the Contracting Party concerned.

3. Unless otherwise agreed by the investor with the Contracting Party concerned, transfers shall be made at the rate of exchange applicable on the date of transfer pursuant to the exchange regulations in force of the Contracting Party in whose territory the investment was made.

Article VI :

1. Any dispute between a Contracting Party and a investor of the other Contracting Party relating to the amount and procedure of payment of compensation to be paid in accordance with Article IV or the procedure of transfer to be made according to Article V of this Agreement, shall be subject of a written notification accompanied by a detailed noted memoire which the investor sends to the Contracting Party party to the dispute. The parties to the dispute shall, to the extent possible, seek a settlement to this dispute in an amicable manner.

2. in case the dispute cannot be settled in this manner during the period of six months from the date of the dispute referred to in a paragraph I of this Article, it will be transmitted for consideration to an ad-hoc arbitration in accordance with UNCITRAL Arbitration Rules. The tribunal shall determine its own procedure.

3. The arbitral award shall be definitive and binding upon both parties to the dispute. Each Contracting Party shall undertake to enforce this award in accordance with its national legislation.

Article VII :

1. Disputes between the Contracting Parties concerning the interpretation and application of this Agreement will be settled by way of direct and meaningful negotiations.

2. If the dispute cannot be settled this way, within 6 months, it shall upon the request of either Contracting Party be submitted to arbitral tribunal.

3. Such an arbitral tribunal shall be constituted for each individual case in the following way. Within two months of the receipt or the request for arbitration, each Contracting Party shall appoint one member of the tribunal. Those two members shall then select a national of a third state who on approval by the two Contracting Parties 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, invite the President of the International Court of Justice to make any necessary appointments. If the President is a national of either Contracting Party or if he is otherwise prevented from discharging the said function, the Vice-President of the International Court of Justice shall be invited to make the necessary appointments. If the Vice-President is a national of either Contracting Party or if he too is prevented from discharging the said function, the member of the International Court of Justice next in seniority who is not a national of either Contracting Party shall be invited to make the necessary appointments.

5. The arbitral tribunal shall reach its decision by a majority of votes. Such decisions shall be binding upon both Contracting Parties. Each Contracting Party shall bear the cost of its own member of the tribunal and of its representation in the arbitral proceedings, the cost of the Chairman and the remaining costs shall be borne in equal parts by the Contracting Parties. The tribunal may, however, in its decision direct that a higher proportion of costs shall be borne by one of the Contracting Parties, and this award shall be binding on both Contracting Parties. The tribunal shall determine its own procedure.

Article VIII :

The Contracting Parties agree to consult promptly, on the request of either, on any matter in connection with the Agreement or to discuss any matter relating to the interpretation or application of the Agreement.

Article IX :

1. This Agreement shall enter into force thirty days after the date on which the exchange of instruments of ratification has been completed. It shall remain in force for a period of 15 years and shall continue to be in force unless terminated in accordance with paragraph 2 of this Article. It shall apply to investments existing at the time of its entry into force as well as to investments made or acquired thereafter.

2. Either Contracting Party may, by giving one year written notice to the other Contracting Party, terminate this Agreement at the end of the initial 15 year period or at any time thereafter.

3. This Agreement may be amended by written agreement between the Contracting Parties. Any amendment shall enter into force when each Contracting Party has notified the other that it has completed all internal requirements for entry into force of such amendment.

4. With respect to investments made or acquired to the date of termination of this Agreement and to which this Agreement otherwise applies, the provisions of all of the other Articles of this Agreement shall thereafter continue to be effective for a further period of 15 years from such date of termination.

IN WITNESS WHEREOF, the respective plenipotentiaries have signed this Agreement.

DONE in duplicate in Ankara on the day of December 14, 1990 in the Russian, Turkish and English languages all texts being equally authentic.

In case of divergence in the interpretation of this Agreement, English text shall prevail.

FOR THE GOVERNMENT OF
THE UNION OF SOVIET SOCIALIST
REPUBLICS



FOR THE GOVERNMENT OF
THE REPUBLIC OF TURKEY

