

AGREEMENT

between the Government of the Syrian Arab Republic and the Government of the Russian Federation on the Promotion and Reciprocal Protection of Investments

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

intending to create favourable 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 the inflow of capital and contribute to the development of mutually beneficial trade, economic, scientific and technical co-operation,

have agreed as follows:

Article I Definitions

For the purposes of the present Agreement the terms below shall have the following meaning:

- a) "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 applicable legislation in the territory of the state of this Contracting Party;
- b) "investment" shall mean all kinds of property assets invested by investor 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 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, 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 including, in particular, those related 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 applicable legislation of the state of the Contracting Party in the territory of which the investments were made;

- c) "returns" shall mean the amounts yielded from investments and include, in particular, profit, dividends, interest, licence and other fees;
- d) "territory of the state of the Contracting Party" shall mean:
 - in respect of the Syrian Arab Republic - in accordance with international law the territories of the Syrian Arab Republic, its internal waters, territorial sea, the subsoil thereof and the airspace above them on which Syria has sovereign rights and the maritime areas to which Syria has the right to exercise sovereign rights for the purpose of exploration, exploitation and conservation of natural resources;
 - in respect of the Russian Federation - the territory of the Russian Federation as well as its respective exclusive economic zones and continental shelf defined in accordance with the UN Convention on the Law of the Sea (1982);
- e) "legislation of the state of the Contracting Party" shall mean the laws and other regulations of the Syrian Arab Republic or the laws and other regulations of the Russian Federation.

Article 2

Protection of Investments

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

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

Article 3 Treatment of Investments

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

2. The treatment referred to in paragraph 1 of this Article shall be at least as favourable as that granted to the investments of its own investors or investors of a third state, whichever is more favourable according to the investor.

3. Each Contracting Party shall reserve the right to determine, in accordance with the legislation of its state, economic fields and areas where activities of foreign investors shall be excluded or restricted.

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

- in connection with the participation in a free trade zone, 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 Syrian Arab Republic and other Arab Countries;
- by virtue of agreements between the Russian Federation and the states, which had earlier formed part of the Union of Soviet Socialist Republics.

5. Without prejudice to the provisions of the Articles 4, 5 and 8 of this Agreement the Contracting Parties shall accord to each other the treatment no more favourable than the treatment they grant to each other in accordance with the obligations taken under the Agreement establishing the World Trade Organisation (WTO) of April 15, 1994 including the obligations under the General Agreement on Trade in Services (GATS) and also in accordance with any other multilateral arrangements concerning the treatment of investments that might be entered into with the participation of both Contracting 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 shall not be subject to measures of coercive seizure tantamount by their effect to expropriation or nationalization (hereinafter referred to as expropriation) except for the cases when such measures are taken for public interests and in accordance with the procedure established by the legislation of the state of that other Contracting Party, when they are not discriminatory and entail prompt, adequate and effective compensation.

2. The compensation shall correspond to the market value of the expropriated investments calculated on the date when the actual or impending expropriation becomes officially known. The compensation shall be paid without delay in freely convertible currency and 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 de facto date of expropriation till the date of payment the amount of compensation shall be subject to accrued interest based on the interest rate formed by the internal interbank rate of the state of the Contracting Party in whose territory the investments have been made.

Article 5

Compensation for Losses

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

Article 6

Transfer of Payments

1. Each Contracting Party shall guarantee to investors of the state 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) return;

- b) funds in repayment of loans and credits recognised by both Contracting Parties as investments, as well as accrued interest;
- c) funds received as a result of partial or full liquidation or sale of investment;
- d) compensation, stipulated in Articles 4 and 5 of the present Agreement;
- e) wages and other remunerations received by investor and natural persons of the state of one Contracting Party who have the right to work in the territory of the state of the other Contracting Party in relation to an investment.

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

Article 7

Subrogation

A Contracting Party or its designated agency having made payment to an investor based on a guarantee of protection from non-commercial risks in relation to an investment in the territory of the state of the other Contracting Party, shall be entitled, by virtue of subrogation, 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 state of the latter Contracting Party.

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 an investment of the investor in the territory of the state of the former Contracting Party, including disputes relating to the amount, conditions and procedure of a compensation payment in accordance with Articles 4 and 5 of this Agreement or to the procedure of transfer of payments set in Article 6 of this Agreement, are settled if possible by way of negotiations.

2. When the dispute cannot be settled by way of negotiations within a period of six months starting from the date of the request of any party to the dispute for 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 state 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
- 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 the provisions of this Convention in case both states of Contracting Parties are members of that Convention.

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 the legislation of its state.

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 through negotiation.

If a dispute is not 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 arbitration tribunal.

2. An arbitration tribunal shall be constituted for each individual case and to this effect each Contracting Party shall appoint one member of the arbitration tribunal within two months of the receipt of the arbitration notice. 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 arbitration 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, 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 arbitration 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 the 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 arbitration 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 arbitration tribunal shall establish its own procedure independently.

Article 10 **Consultations**

The Contracting Parties shall hold consultations, at the request of either of them, on the matters 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 the state of one of the Contracting Parties in the territory of the state 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 last of the two notifications.

2. This Agreement shall remain in force for a period of ten years. Upon expiration of this period its validity shall be automatically 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

expiration of the respective period of its intention to terminate this Agreement.

3. This Agreement may be amended by mutual written consent of the Contracting Parties. Any amendment shall enter into force after each Contracting Party has notified the other Contracting Party in writing about the completion of 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 and covered by it the provisions of this Agreement shall continue to be valid for the next ten years after the date of its termination.

Done at Moscow on January 26, 2005 in duplicate in the Arab, Russian and English languages, all texts being equally authentic. In case of divergences concerning the interpretation of this Agreement, the English text shall prevail.

For the Government of
the Syrian Arab Republic



For the Government of
the Russian Federation

