

**AGREEMENT BETWEEN THE GOVERNMENT OF THE RUSSIAN
FEDERATION AND THE GOVERNMENT OF THE ARAB REPUBLIC
OF EGYPT ON THE ENCOURAGEMENT AND MUTUAL
PROTECTION OF CAPITAL INVESTMENTS (MOSCOW,
SEPTEMBER 23, 1997)**

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

- in their desire to create favourable conditions for carrying out capital investment by the investors of one Contracting Party on the territory of the other Contracting Party,

- and recognizing that the encouragement and the mutual protection, rendered on the basis of the given Agreement, will facilitate the development of mutually advantageous commercial and economic, as well as scientific and technical, cooperation,

have agreed on the following:

**Article One
Definitions**

For the purposes of the present Agreement:

1. The term, "investor", shall mean, with respect to each Contracting Party:

a) any natural person, who is a citizen of the state of this Contracting Party and who is legally capable, in conformity with the legislation of the given Contracting Party, to carry out capital investment on the territory of the other Contracting Party;

b) any legal entity, set up or instituted in conformity with the legislation, currently operating on the territory of this Contracting Party, on condition that said legal entity is legally capable, in conformity with the legislation of the given Contracting Party, to carry out capital investment on the territory of the other Contracting Party.

2. The term, "capital investment", shall denote all kinds of property values, which are invested by the investor of one Contracting Party on the territory of the other Contracting Party in conformity with the latter's legislation, and in particular:

a) movable and the immovable property, as well as the property corresponding rights;

b) stocks, deposits and other forms of participation in commercial ventures and companies;

c) claims, concerning monetary funds, which are deposited with the aim of creating economic values, connected with capital investments;

d) the exclusive rights to intellectual property (authors' copyrights, patents, industrial samples, models, trade marks or service marks), technology, information of certain commercial value and know-how;

e) rights to the performance of economic commercial activity, granted on the basis of the law or of an agreement in particular, those involved in prospecting, development, extraction and utilisation of natural resources,

No modification of the form, in which the property values are deposited or reinvested, shall exert any impact on the nature of the capital investments, under the condition that such modification does not contradict the legislation of the Contracting Party, on whose territory the capital investment has been carried out.

3. The term, "incomes", shall mean the sums, derived as a result of the capital investment in accordance with Item 2 of the present Article, and shall include, in particular: the profit, the dividends and interest, as well as license and other remunerations.

4. The term, "territory", shall denote the territory of the Russian Federation or the territory of the Arab Republic of Egypt, and shall embrace their economic exclusion zones and continental shelf, with respect to which the Russian Federation or the Arab Republic of Egypt exercise their sovereign rights and jurisdiction in conformity with international law.

Article Two Encouragement and Protection of Capital Investment

1. Each Contracting Party shall encourage the investors of the other Contracting Party to make capital investments on its territory and shall permit such capital investments in conformity with its legislation.

2. Each of the Contracting Parties shall guarantee to the investors of the other Contracting Party, in conformity with its legislation, complete protection and security of the capital investments of the investors of the other Contracting Party.

Article Three Capital Investment Regime

1. Each Contracting Party shall provide on its territory a just and equitable regime for capital investment, carried out by the investors of the other Contracting Party, and for the activity, involved in making such capital investment, this regime shall exclude discriminatory measures, which could have interfered with the management and disposal of the capital investment.

2. The regime, mentioned in Item 1 of the present Article, shall be at least as favourable as the regime, granted to capital investment and activity, carried out and performed in connection with similar investments by the party's own investors, or by the investors of a third state.

3. Each of the Contracting Parties shall reserve the right to determine the branches of the economy and spheres of activity, in which activity by foreign investors is excluded or restricted.

4. The most favoured nation regime, granted in accordance with Item 2 of the present Article, shall not extend to the privileges, which the Contracting Party grants, or will grant in the future:

- in connection with participation in a free trade zone, or in a customs or an economic union;
- by force of agreements, signed between the Russian Federation and states, which were formerly members of the Union of Soviet Socialist Republics;
- on the ground of Agreements on avoiding double taxation, or of other Agreements on the issues of taxation;

Article Four Key Personnel

1. In conformity with their legislation concerning the entry and temporary stay of natural persons, who are not its own citizens, the Contracting Party shall permit natural persons, who are investors of the other Contracting Party, to enter and to stay on its territory for the purpose of performing an activity, concerning capital investments.

2. In conformity with its legislation, the Contracting Party shall permit investors of the other Contracting Party, who have carried out capital investments on the territory of the former Contracting Party, to hire any worker of the key personnel category of its own choice, regardless of his citizenship, on condition that such worker obtains an entry permit, temporary residence permit and work permit on the territory of the former Contracting Party, and that the given job corresponds to the terms and to the provisional restrictions, established in the permit, issued to this worker.

Article Five Openness of the Laws

Each of the Contracting Parties, with the aim of facilitating the comprehension of its laws, concerning or affecting the capital investments, carried out by investors of the other Contracting Party on its territory, shall provide for the openness and availability of such laws.

Article Six Expropriation

1. The capital investments of the investors of one Contracting Party, carried out on the territory of the other Contracting Party, shall not be subject to expropriation, nationalization or to measures, equivalent to expropriation or nationalization (hereinafter in the text referred to as expropriation), with the exception of cases, when such measures are launched in the interest of society in conformity with the procedure, laid down by legislation, when they are not of a discriminative nature and when they entail the payment of a prompt, adequate and effective compensation.

2. The compensation shall correspond to the actual value of the expropriated capital investments immediately before the moment, when the fact of the fulfilled or impending expropriation became known. The compensation shall be paid out without an unjustified delay in freely convertible currency, and shall be freely transferred from the territory of one

Contracting Party to the territory of the other Contracting Party. Until the date of the payment, on the sum of the compensation interest shall be levied on the sum of the compensation, in accordance with the interest rate of that Contracting Party, on whose territory the capital investments have been carried out.

3. The requisition and the confiscation may be performed only in those cases and in accordance with the procedure, stipulated by the legislation of the Contracting Party.

Article Seven Recompense for Damage

The investors of one Contracting Party, whose capital investments have suffered damage on the territory of the other Contracting Party as a result of war, civil disorder or of other similar circumstances, shall be granted a no less favourable regime than that, which the latter Contracting Party grants to investors of a third state with regard to any measures it is taking in connection with such damage.

Article Eight Transfers of the Payments

1. Each of the Contracting Parties shall guarantee to investors of the other Contracting Party, after they have serviced all their tax obligations, the unhindered transfer abroad of the payments, derived in connection with the capital investments, and, in particular:

a) of the sums of the initial capital investment and of additional sums of money, invested to render support to and to increase the capital investment;

b) of income;

c) of sums of money, paid out in redemption of loans, recognized by both the Contracting Parties as the capital investments;

d) of sums of money, received in connection with a partial or complete liquidation, or with the sale of the capital investments;

e) of compensation, stipulated in Article Six of the Present Agreement (according to Item 3 of Article Six: only for requisition);

f) of wages and other remunerations, received by the citizens of the other Contracting Party, who are permitted to carry out work in connection with the capital investments on the territory of the former Contracting Party.

2. The transfer of payments shall be effected without delay in freely convertible currency, in accordance with the currency exchange rate, applied as on the date of the transfer in conformity with the operating currency rules of that Contracting Party, on whose territory the capital investments have been carried out.

Article Nine Subrogation

The Contracting Party or a body it has authorized, which has made a payment to the investor on the grounds of a guarantee against non-commercial risks in connection with his capital investment on the territory of the other Contracting Party, shall be able to exercise, by way of subrogation, the investor's rights to the same extent as the investor himself. Such rights shall be exercised in conformity with the legislation of the latter Contracting Party.

Article Ten Resolution of Disputes Between a Contracting Party and an Investor of the Other Contracting Party

1. In case of any dispute between a Contracting Party and an investor of the other Contracting Party, arising in connection with a capital investment, including disputes, concerning the amount, the terms or the procedure for the payment of compensation in accordance with Article Six of the present Agreement, or with the procedure for effecting the transfer of the payments, stipulated in Article Eight of the present Agreement, a written notification shall be submitted, accompanied with detailed comments, which the investor shall forward to the Contracting Party taking part in the dispute. The parties to the dispute shall go out of their way to regulate such dispute, if possible, through negotiations.

2. If the dispute cannot be resolved in this way in the course of six months from the date of submission of the written notification, mentioned in Item 1 of the present Article, it shall be passed for consideration, at the investor's choice, to:

a) a competent court or to an arbitration court of the Contracting Party, on whose territory the capital investments have been carried out;

b) an ad hoc arbitration court, in conformity with the Arbitration Regulations of the United Nations Commission on International Trade Law (UNCITRAL).

3. The arbitration decision shall be seen as final and binding for both parties to the dispute. Each of the Contracting Parties shall be obliged to provide for the fulfilment of such decision in conformity with its own legislation.

Article Eleven Resolution of Disputes Between the Contracting Parties

1. Disputes that may arise between the Contracting Parties in connection with the interpretation and the application of the present Agreement, shall be resolved through negotiations.

2. If a dispute has not been resolved in this way in the course of six months since the start of the negotiations, then it shall be passed over for consideration, at the demand of any one of the Contracting Parties, to an arbitration tribunal.

3. Such arbitration tribunal shall be created for every individual case in the following way. Each of the Contracting Parties shall appoint one member of the arbitration tribunal within two months from the date of receiving notification on the forthcoming examination by

arbitration tribunal. Then these two members of the tribunal shall elect a citizen of a third state, who, with the approval of both the Contracting Parties, shall be appointed as chairman of the arbitration tribunal in the course of one month from the date of appointment of the two other members.

4. If the necessary appointments have not been made within the term, set in Item 3 of the present Article, then, in the absence of any other agreement, any one of the Contracting Parties may turn to the Chairman of the International Court with a request that he make such an appointment. If the Chairman of the International Court is a citizen of one of the Contracting Parties, or if he cannot discharge said function for any other reason, then it shall be proposed that the necessary appointments be made by the Vice-Chairman of the International Court. If the Vice-Chairman of the International Court is also a citizen of one of the Contracting Parties, or if he cannot fulfil said request for any other reason, it shall be proposed that the necessary appointments be made by the member of the International Court, next in seniority, who is not a citizen of either of the Contracting Parties.

5. The arbitration tribunal shall pass its decision by a majority vote. Such decision shall be seen as final binding for the Contracting Parties. Each of the Contracting Parties shall bear the expenses, connected the activity of the member of the court it has appointed and with its representation at the arbitration tribunal investigation; the outlays, made in connection with the activity of the Chairman of the arbitration tribunal, as well as other expenditures, shall be borne in equal shares by the Contracting Parties. However, the court may envisage in its decision that one of the Contracting Parties cover a larger part of the expenses, and such decision shall be binding for both the Contracting Parties. The arbitration tribunal shall itself determine the order of its own work.

Article Twelve Consultations

The Contracting Parties, at the request of any one Party, shall hold consultations on issues concerning the interpretation or application of the present Agreement.

Article Thirteen Application of the Agreement

The present Agreement shall be applied with respect to all capital investments, carried out by the investors of one of the Contracting Parties on the territory of the other Contracting Party, beginning in January 1, 1987

Article Fourteen Enactment, Amendments and Term of Operation of the Agreement

1. Each of the Contracting Parties shall notify the other Contracting Party in writing about fulfilment of its internal procedures, necessary for enactment of the present Agreement. The present Agreement shall come into force as from the date of the last of the two notifications.

The Russian Federation has ratified the present Agreement by Federal Law No. 46-FZ of April 8, 2000

2. The present Agreement shall remain in force for ten years. After this term it shall remain in force until the expiry of twelve months from the moment, when one of the Contracting Parties

notifies the other Contracting Party in writing about its intention to terminate the operation of the present Agreement.

3. Certain amendments may be introduced into the present Agreement, with the written mutual consent of the Contracting Parties. Any one amendment shall come into force after each of the Contracting Parties notifies the other Contracting Party in writing about the fulfilment of all the internal demands, necessary for such an amendment to come into force.

4. With respect to capital investments, carried out before the date of terminating the operation of the present Agreement and subject to its action, the provisions of the other articles of the present Agreement shall remain in force in the course of the next ten years after the date of the termination of its validity.

Executed in Moscow on September 23, 1997, in two copies, each of them in the Russian, Arabian and English languages, with all the texts endowed with equal power.

In case of divergencies arising in the interpretation of the present Agreement, the text, executed in the English language, shall be seen as predominant.

For the Government of
the Russian Federation
/signature/

For the Government of the
Arab Republic of Egypt
/signature/