

**AGREEMENT BETWEEN THE GOVERNMENT OF THE  
FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA AND THE  
GOVERNMENT OF THE RUSSIAN FEDERATION ON THE  
PROMOTION AND RECIPROCAL PROTECTION OF  
INVESTMENTS**

The Government of the Federal Democratic Republic of Ethiopia and the Government of the Russian Federation (hereinafter referred to as Contracting Parties;)

Intending to create favourable conditions for the realization of investments by investors of one Contracting Party in the territory of the other Contracting Party,

Recognizing that the promotion and reciprocal protection of investments on the basis of the present Agreement shall stimulate the development of the mutually beneficial commercial, economic, scientific and technical co-operation,

Have agreed as follows:

**Article 1**  
**Definitions**

For term "investor" shall mean with regard to each Contracting Party:

1. The term "Investor" shall mean with regard to each Contracting Party:
  - a) any natural person who is a citizen of the state of that Contracting Party in accordance with its legislation.
  - b) any legal person constituted or otherwise duly organized under the laws of that Contracting Party and has its principal seat and economic activities in the territory of that same Contracting Party
2. 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 later 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. claims to money invested for the purpose of creating economic values related to investments;
- d. exclusive rights to intellectual and industrial property rights, including rights with respect to copy rights, patents, trade marks, trade names, industrial designs, trade secrets, technical processes and know-how and goodwill;
- e. rights conferred by law or under contract to conduct economic as well as commercial activity related in particular to exploration, development, extraction and exploitation of natural resources.

Any alternation of the form in which assets have been invested or reinvested shall not affect the character of investment on condition that this change is not in contradiction with the legislation of the Contracting Party in the territory, which the investments were made.

- 3. The term "returns" shall mean the amount yielded by investments such as profits, dividends, interests, capital gains, royalties and other fees.
- 4. The term "territory" shall mean:
  - a. With respect to the Government of the Federal Democratic Republic of Ethiopia, the territory in which the Federal Democratic Republic of Ethiopia exercises sovereign rights or jurisdiction in accordance with its legislation and International law.
  - b. With respect to the Government of the Russian Federation, the territory of the Russian Federation shall include its exclusive economic zone and continental shelf in accordance with UN Convention of the Law of the Sea, 1982;
- 5. The term "Legislation" shall mean the legislation of the state of the Contracting Party.

## **Article 2**

### **Promotion and Protection of Investments**

- 1. Each Contracting Party shall encourage and create favourable conditions for Investors of the other Contracting Party to invest in its territory and admit such investments in accordance with its laws and regulations.
- 2. Each Contracting Party shall, in accordance with its legislation, guarantee to investors of the other Contracting Party full protection and security to investments made by Investors of the other Contracting Party.

3. Each Contracting Party shall in accordance with its legislation of entry sojourn of non-citizens, permit natural persons who are investors of the other Contracting Party and key personnel employed by companies of that other Contracting Party to enter and remain in its territory for the purpose of engaging in activities associated with investments.

### **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 and activities in connection with such investments and exclude the use of discriminatory measures that might hinder management, maintenance, use, enjoyment, extension and administration of investments.
2. The treatment referred to in paragraph (1) of this Article shall not be less favourable than that granted to the investments and activities in connection with such investments by its own Investors or Investors of a third state.
3. The most favoured nation treatment granted in accordance with paragraph 2 of this Article shall not apply to benefits which the Contracting Party is providing or will provide in the future:
  - a. in connection with the participation in a free trade area, customs or economic union;
  - b. on the basis of agreement meant to avoid double taxation, or other arrangements on taxation issues.

### **Article 4**

#### **Expropriation**

1. Investments by Investors of one Contracting Party made in the territory of the other Contracting Party, shall not be expropriated, nationalized or subjected to measures tantamount to expropriation or nationalization ("hereinafter referred to as expropriation"), except when such measures are taken for public interest and in accordance with the procedure established by the legislation, when they are not discriminatory and are followed by prompt, adequate and effective compensation.
2. Such compensation shall amount to the market value of the investments affected immediately before the measures of expropriation or nationalization are taken or become public knowledge, and it shall be freely transferable in a freely convertible currency from the Contracting Party. Any unreasonable delay in payment of

compensation shall carry on interest at prevailing commercial rate as agreed upon by both parties unless such rate is prescribed law.

### **Article 5**

#### **Compensation for Losses**

Investors of one Contracting Party whose investment losses in the territory of the other Contracting Party as a result of war, civil disturbance or similar events shall be accorded by the other Contracting Party a treatment which is no less favourable than that accorded by the later to investors of a third State, in regard to any measures it takes in relation to such losses.

### **Article 6**

#### **Transfer of Payment**

1. Each Contracting Party shall, subject to its legislation, allow without unreasonable delay the transfer of payments in connection with investments returns, and in particular:
  - a. the initial capital and additional amounts to maintain or increase an investment,
  - b. returns;
  - c. funds in repayment of loans recognized by the Contracting Parties as investments;
  - d. proceeds from sale or full or partial liquidation of an investment;
  - e. compensation, stipulated in article 5 of this Agreement;
  - f. wages and other remuneration received by investors and key personnel of the other Contracting Party who are employed to work in connection with investments in the territory of the other Contracting Party.
2. Transfers shall be made without delay in a convertible currency at the rate of exchange applicable on the date of transfer pursuant to the existing exchange regulations of the Contracting Party in whose territory the investments were made.

### **Article 7**

#### **Subrogation**

A Contracting Party or its designated agency having made payment to an Investor based on a guarantee issued for non commercial risks in relation to an investment in the territory of the other Contracting Party, is by virtue of subrogation, entitled to exercise the rights of the investors to the same extent as the said Investors. Such rights shall be exercised in accordance with the legislation of the later Contracting Party.

## **Article 8**

### **Settlement of Disputes between a Contracting Party and an Investor of the Other Contracting Party**

1. Dispute which might arise between one of the Contracting Parties and an Investor of the other Contracting Party concerning an investment of that Investor in the territory of the former Contracting Party, shall upon a written notification by Investor to the dispute, be settled amicably between the parties concerned.
2. If the dispute has not been settled within a period of six months from the date either party to the dispute requested amicable settlement, the dispute shall at the request of the Investor concerned be submitted for settlement to:
  - a) the competent court of the Contracting Party in the territory of which the investment has been made; or
  - b) an international ad hoc arbitral tribunal which, unless and otherwise agreed upon by the parties to the dispute, shall be established under the Arbitration Rules of the United National Commission on International Trade Law (UNCITRAL).
3. The arbitral awards shall be final and binding on both parties to the dispute and shall be executed according to the national laws of the Contracting Parties.
4. Each Contracting Party hereby consents to submit investment disputes for resolution to the alternative dispute settlement mechanisms and shall be executed in accordance with the preceding paragraphs.

## **Article 9**

### **Settlements of Disputes between the Contracting Parties**

1. Dispute between the Contracting Parties concerning the interpretation or application of this agreement shall as far as possible, be settled by consultation through diplomatic channel.
2. If the dispute can not be settled within six months, it shall, upon the request of either Contracting Party be submitted to an ad hoc arbitral tribunal of three members.
3. Such an arbitral tribunal shall be constituted for each individual case in the following manner. Each Contracting Party shall appoint one member of the arbitration court within two months of the receipt of the request for arbitration. Those two members shall then 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 court within a 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, invite the President of the International Court of Justice to make such appointment. 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 International Court of Justice shall be invited to make the necessary appointment. 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 national of the state of either Contracting Party next in seniority shall be invited to make the necessary appointment.
5. The arbitration court 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 cost of activities of its own member of the court and of its representation in the arbitration proceedings; the cost related to the activities of the Chairman of the arbitration court and other costs shall be borne in equal parts by the Contracting Parties. The court 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 on both Contracting Parties. The arbitration court shall establish its own procedure independently.

#### **Article 10** **Consultations**

The Contracting Parties shall consult at the request of either of them, on the matter concerning the interpretation of application of this Agreement.

#### **Article 11**

##### **Application of the Agreement**

This Agreement shall apply to all investments made in the territory of either Contracting Party in accordance with its laws and legislation by Investors 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 its constitutional or other internal procedures required for the entry into force of this Agreement. This Agreement shall enter into force on the date of the letter of the two notifications.

2. This Agreement shall remain in force for a period of fifteen years. Thereafter it shall remain in force for twelve months from the date on which one of the Contracting Parties shall have notified in written form the other Contracting Party of its intention to terminate this Agreement.
3. This Agreement may be amended in writing by mutual consent of the Contracting Parties. Any amendment shall enter into force after each Contracting Party has notified the other Contracting Party in writing that it has completed all internal requirements or constitutional procedures for the entry into force of such amendment.
4. With respect to investment made while this agreement is in force, its provisions shall continue in effect with respect to such investments for a period of fifteen years after the date of termination.

DONE at \_\_\_\_\_ on \_\_\_\_\_ 1999 in duplicate, in the Russian and English languages, both texts being equally authentic.

In event of discrepancy in interpretation of the Agreement the English text shall be used.

For the Government of  
the Federal Democratic  
Republic of Ethiopia

For the Government of the  
Russian Federation