

INVESTMENT INCENTIVE AGREEMENT BETWEEN
THE GOVERNMENT OF THE UNITED STATES OF AMERICA
AND THE GOVERNMENT OF THE REPUBLIC OF KYRGYZSTAN

The Government of the United States of America and the
Government of the Republic of Kyrgyzstan;

Affirming their common desire to encourage economic
activities in the Republic of Kyrgyzstan which promote the
development of the economic resources and productive
capacities of the Republic of Kyrgyzstan; and

Recognizing that this objective can be promoted through
investment insurance (including reinsurance), loans and
investment guaranties which are backed in whole or in part
by the Government of the United States of America and
provided by the Overseas Private Investment Corporation
("OPIC"), an agency of the Government of the United States
of America;

Have agreed as follows:

ARTICLE 1

As used in this Agreement, the term "Coverage" shall
refer to any investment insurance, reinsurance or
investment guaranty which is provided by an Issuer in
connection with a project in the territory of the
Republic of Kyrgyzstan, and the term "Issuer" shall
refer to OPIC, any successor agency of the Government
of the United States of America, and the agent of
either.

ARTICLE 2

(a) (i) If the Issuer makes payment to any party under Coverage, the Government of the Republic of Kyrgyzstan shall, subject to the provisions of Article 3 of this Agreement, recognize the transfer to the Issuer of any assets, including those in the form of investment as well as currency or credits, in connection with such payment, as well as the succession of the Issuer to any right, title, claim, privilege, or cause of action existing, or which may arise, in connection therewith.

(ii) If the Issuer, in the exercise of its rights as a creditor, acquires any such assets or succeeds to any right, title, claim, privilege or cause of action, the Government of the Republic of Kyrgyzstan shall, subject to the provisions of Article 3 of this Agreement, recognize such acquisition or succession.

(b) The Issuer shall assert no greater rights than those of the party from whom such rights were acquired as described in paragraph (a) of this Article.

(c) The Issuer, as a non-commercial agency of the Government of the United States of America, shall not

be subject to regulation under the laws of the Republic of Kyrgyzstan applicable to commercial insurance or financial organizations.

(d) Interest and fees on loans made or guaranteed by the Issuer shall be exempt from tax in the Republic of Kyrgyzstan. The Issuer shall not be subject to tax in the Republic of Kyrgyzstan as a result of any transfer, succession or other acquisition described in paragraph (a) of this Article. In all other cases, tax treatment of transactions conducted by the Issuer in the Republic of Kyrgyzstan shall be determined by applicable law of the Republic of Kyrgyzstan or specific agreement between the Government of the United States of America and the Government of the Republic of Kyrgyzstan.

ARTICLE 3

To the extent that the laws of the Republic of Kyrgyzstan partially or wholly invalidate or prohibit the transfer, succession or other acquisition, as described in Article 2(a) of this Agreement, of any interest in any property within the territory of the Republic of Kyrgyzstan by the Issuer, the Government of the Republic of Kyrgyzstan shall permit the Issuer to make appropriate arrangements pursuant to which such

interests are transferred to a person or entity permitted to own such interests under the laws of the Republic of Kyrgyzstan.

ARTICLE 4

(a) Amounts in the currency of the Republic of Kyrgyzstan, including credits thereof, acquired by the Issuer in connection with payment to a party under Coverage shall be accorded treatment in the territory of the Republic of Kyrgyzstan no less favorable as to use and conversion than the treatment to which such funds would be entitled in the hands of the party under Coverage.

(b) Such amounts and credits may be transferred by the Issuer to any person or entity and upon such transfer shall be freely available for use by such person or entity in the territory of the Republic of Kyrgyzstan in accordance with its laws.

(c) The provisions of this Article shall also apply to any amounts and credits in the currency of the Republic of Kyrgyzstan which may be accepted by the Issuer in settlement of obligations with respect to loans made by the Issuer for projects in the Republic of Kyrgyzstan.

ARTICLE 5

(a) Any dispute between the Government of the United States of America and the Government of the Republic of Kyrgyzstan regarding the interpretation of this Agreement or which, in the opinion of one of the Governments, presents a question of international law arising out of any project or activity for which Coverage has been issued shall be resolved, insofar as possible, through negotiations between the two Governments. If, at the end of six months following the request for negotiations, the two Governments have not resolved the dispute by agreement, the dispute, including the question of whether such dispute presents a question of international law, shall be submitted, at the initiative of either Government, to an arbitral tribunal for resolution in accordance with paragraph (b) of this Article.

(b) The arbitral tribunal referred to in paragraph (a) of this Article, shall be established and function as follows:

(i) Each Government shall appoint one arbitrator; these two arbitrators shall, by agreement, designate a president of the arbitral tribunal who shall be a citizen of a third state and whose appointment shall be subject to

acceptance by the two Governments. The arbitrators shall be appointed within three months and the president within six months of the date of receipt of either Government's request for arbitration. If the appointments are not made within the foregoing time limits, either Government may, in the absence of any other agreement, request the Secretary-General of the Permanent Court of Arbitration to make the necessary appointment or appointments, and both Governments agree to accept such appointment or appointments.

(ii) The arbitral tribunal shall base its decision on the applicable principles and rules of international law. The arbitral tribunal shall decide by majority vote. Its decision shall be final and binding.

(iii) During the proceedings, each of the Governments shall pay the expense of its arbitrator and of its representation in the proceedings before the arbitral tribunal, whereas the expenses of the president and other costs of arbitration shall be paid in equal parts by the two Governments. In its award, the arbitral

tribunal may, in its discretion, reallocate expenses and costs between the two Governments.

(iv) In all other matters, the arbitral tribunal shall regulate its own procedures.

(c) Nothing in this Agreement shall limit the right of the Government of the United States of America to assert a claim under international law in its sovereign capacity, as distinct from any rights of the Issuer.

ARTICLE 6

The two Governments, desiring reciprocity, agree that, in the event the Government of the Republic of Kyrgyzstan makes arrangements to issue Coverage or make loans for projects in the United States of America under a program similar in substance to the investment incentive program to which this Agreement relates, provisions equivalent to those of this Agreement shall apply with respect to such arrangements upon completion of the constitutional or other legal processes of both Governments approving such provisions.

ARTICLE 7

This Agreement shall continue in force until the expiration of twelve months from the date on which either Government shall have given written notice of termination of this Agreement to the other. Provided that in respect of Coverage issued or loans made at any time before the termination of this Agreement, its provisions shall continue in effect with respect to such Coverage or loans for a period of twenty years after the date of termination of this Agreement.

This Agreement shall enter into force on the date of signing.

DONE at Washington on the 8th day of May, 1992, in duplicate.

FOR THE GOVERNMENT OF
THE UNITED STATES OF AMERICA:

FOR THE GOVERNMENT OF
THE REPUBLIC OF KYRGYZSTAN:

