

are transferred to an entity permitted to own such interests under the laws and regulations of the Republic of Indonesia.

3. The Insuring Agency shall assert no greater rights than those of the transferring Canadian investor under the laws and regulations of the Republic of Indonesia with respect to any interest transferred or succeeded to as contemplated in paragraph 1 of this Agreement.

The Government of Canada does, however, reserve its right to assert a claim in its sovereign capacity in the event of denial of justice or other question of state responsibility as defined in international law.

4. Should the said Insuring Agency acquire, under investment insurance contracts, amounts and credits in the lawful currency of the Republic of Indonesia, the Government hereof shall accord to those funds treatment no different than that which it would accord if such funds were to remain with the Canadian investor, and such funds shall be freely available to the Government of Canada to meet its expenditures in the national territory of the Republic of Indonesia.

5. This Agreement shall apply only with respect to insured Canadian private capital investments in projects or activities approved in writing by a document of admission issued by the Government of the Republic of Indonesia pursuant to the Foreign Capital Investment Law of 1967 (Law No. 1 of 1967) as amended by Law No. 11 of 1970.

6. (a) Disputes concerning the interpretation or implementation and application of provisions of this Agreement or any claim arising out of investments insured in accordance with this Agreement, against either of the two Governments, which in the opinion of the other presents a question of public international law shall be settled, insofar as possible, by means of diplomatic channels between the two Governments;

(b) If such disputes cannot be resolved within a period of three months following the request for such negotiations, the question shall be submitted, at the request of either Government, to an ad hoc tribunal for settlement in accordance with applicable principles and rules of public international law; only the respective Governments may request arbitral procedure and participate in it;

(c) The arbitral tribunal shall be composed of three members, and shall be established as follows: each Government shall appoint one arbitrator and these two arbitrators shall nominate a third arbitrator as chairman who shall be a national of a third state;

(d) If either Government has not appointed its arbitrator and has not followed the invitation of the other Government to make such an appointment within two months, the arbitrator shall be appointed upon the request of that Government by the President of the International Court of Justice;

(e) If the two arbitrators are unable to reach an agreement on the choice of the third arbitrator within two months after their appointment, the latter shall be appointed upon the request of either Government by the President of the International Court of Justice;

(f) If, in the cases specified under points (d) and (e) of this paragraph the President of the International Court of Justice is prevented from carrying out the said function or if he is a national of either Government, the appointment shall be made by the Vice-President, and if the latter is prevented from carrying out the said function or if he is a