AGREEMENT BETWEEN THE GOVERNMENT OF THE REPUBLIC OF COSTA RICA AND THE GOVERNMENT OF THE PEOPLE'S REPUBLIC OF CHINA ON THE PROMOTION AND PROTECTION OF INVESTMENTS

The Government of the Republic of Costa Rica and the Government of the People's Republic of China (hereinafter referred to as the Contracting Parties),

Desiring to create favorable conditions for investments made by investors of one Contracting Party in the territory of the other Contracting Party;

Recognizing that the reciprocal encouragement, promotion, and protection of such investments will stimulate the business initiative of investors and increase prosperity in both States;

Desiring to intensify cooperation between both States on a basis of equity and mutual benefit;

Have agreed as follows:

Article 1. Definitions

For the purposes of this Agreement,

1. The term "investment" means any type of asset invested by investors of one Contracting Party in accordance with the laws and regulations of the other Contracting Party within the territory of the latter, and includes, in particular, but not exclusively:

(a) movable and immovable property and other real rights such as mortgages, pledges, and similar rights;

(b) shares, bonds, equity, and any other type of interest in companies;

(c) receivables or any other type of obligation having economic value associated with an investment;

(d) intellectual property rights, in particular copyrights, patents, trademarks, trade names, technical processes, know-how, and goodwill;

(e) business concessions granted by law or by contracts permitted by law, including concessions for the exploration, cultivation, extraction, or exploitation of natural resources.

Any change in the manner in which assets are invested does not affect their character as investments, provided that such change is made in accordance with the laws and regulations of the Contracting Party in whose territory the investment was made.

2. The term "investor" means,

(a) natural persons who are nationals of any Contracting Party in accordance with the laws of that Contracting Party;

For the purposes of this Agreement, the term "natural person" does not include a permanent resident of any Contracting Party, nor, in the case of the Republic of Costa Rica, a natural person who holds dual nationality of both Contracting Parties.

(b) legal entities, including companies, associations, partnerships, and other organizations, incorporated or established under the laws and regulations of any Contracting Party and having their domicile in that Contracting Party.

3. The term "profits" means the amounts generated by investments, including earnings, dividends, interest, capital gains, royalties, fees, or other legitimate income.

Article 2. Promotion and Protection of Investment

1. Each Contracting Party shall encourage investors of the other Contracting Party to make investments in its territory and admit such investments in accordance with its laws and regulations.

2. Investments of the investors of either Contracting Party shall enjoy the constant protection and security in the territory of the other Contracting Party.

3. Without prejudice to its laws and regulations, neither Contracting Party shall take any unreasonable or discriminatory measures against the management, maintenance, use, enjoyment and disposal of the investments by the investors of the other Contracting Party.

4. Subject to its laws and regulations, one Contracting Party shall provide assistance in and facilities for obtaining visas and working permit to nationals of the other Contracting Party engaging in activities associated with investments made in the territory of that Contracting Party.

Article 3. Treatment of Investment

1. Investments of investors of each Contracting Party shall all the time by accorded fair and equitable treatment in the territory of the other Contracting Party in accordance with universally accepted principles of international law.

2. Without prejudice to its laws and regulations, each Contracting Party shall accord to investments and activities associated with such investments by the investors of the other Contracting Party treatment not less favorable than that accorded to the investments and associated activities by its own investors.

3. Neither Contracting Party shall subject investments and activities associated with such investments by the investors of the other Contracting Party to treatment less favorable than that accorded to the investments and associated activities by the investors of any third State.

4. The provisions of Paragraph 3 of this Article shall not be construed so as to oblige one Contracting Party to extend to the investors of the other Contracting Party the benefit of any treatment, preference or privilege by virtue of:

(a) any customs union, free trade zone, economic union and any international agreement resulting in such unions, or similar institutions;

(b) any international agreement or arrangement relating wholly or mainly to taxation;

(c) any arrangements for facilitating small scale frontier trade in border areas.

Article 4. Expropriation

1. Neither Contracting Party shall expropriate, nationalize or take other similar measures (hereinafter referred to as "expropriation") against the investments of the investors of the other Contracting Party in its territory; unless the following conditions are met:

(a) for the public interests;

(b) under domestic legal procedure;

(c) without discrimination;

(d) against compensation.

2. the compensation mentioned in Paragraph 1 of this Article shall be equivalent to the fair market value of the expropriated investments immediately before the expropriation is taken or the impending expropriation becomes public knowledge, whichever is earlier. The value shall be determined in accordance with the laws and regulations of each Contracting Party, taking into consideration the generally recognized principles of valuation. The compensation shall include interest based on the applicable rate from the date of dispossession of the expropriated investment until the date of payment. The compensation shall also be made without delay, and be effectively realizable and freely transferable.

Article 5. Compensation for Damages and Losses

Investors of one Contracting Party whose investments in the territory of the other Contracting Party suffer losses owing to war, a state of national emergency, insurrection, riot or other similar events in the territory of the latter Contracting Party,

shall be accorded by the latter Contracting Party treatment, as regards restitution, indemnification, compensation and other settlements no less favorable than that accorded to the investors of its own or any third State, whichever is more favorable to the investors concerned.

Article 6. Transfers

1. Each Contracting Party shall, subject to its laws and regulations, guarantee to the investors of the other Contracting Party the transfer of their investments and returns held in its territory, including:

(a) profits, dividends, interests and other legitimate income;

(b) proceeds obtained from the total or partial sale or liquidation of investments;

(c) payments made pursuant to a loan agreement in connection with investments;

(d) royalties in relation to the matters in Paragraph 1 (d) of Article 1;

(e) payments of technical assistance or technical service fee, management fee;

(f) payments in connection with contracting projects;

(g) earnings of nationals of the other Contracting Party who work in connection with an investment in its territory.

2. Nothing in Paragraph 1 of this Article shall affect the free transfer of compensation paid under Article 4 and 5 of this Agreement.

3. The transfer mentioned above shall be made in a freely convertible currency and at the prevailing market rate of exchange applicable within the Contracting Party accepting the investments and on the date of transfer.

Article 7. Subrogation

If one Contracting Party or its designated agency makes a payment to its investors under a guarantee or a contract of insurance against non-commercial risks it has accorded in respect of an investment made in the territory of the other Contracting Party, the latter Contracting Party shall recognize:

(a) the assignment, whether under the law or pursuant to a legal transaction in the former Contracting Party, of any rights or claims, by the investors to the former Contracting Party or to its designated agency, as well as,

(b) that the former. Contracting Party or its designated agency is entitled by virtue of subrogation to exercise the rights and enforce the claims of that investor and assume the obligations related to the investment to the same extent as the investor.

Article 8. Settlement of Disputes between Contracting Parties

1. Any dispute between the Contracting Parties concerning the interpretation or application of this Agreement shall, as far as possible, be settled with consultation through diplomatic channel.

2. If a dispute cannot thus be settled within six months, it shall, upon the request of either Contracting Party, be submitted to an ad hoc arbitral tribunal.

3. Such tribunal comprises of three arbitrators. Within two months of the receipt of the written notice requesting arbitration, each Contracting Party shall appoint one arbitrator. Those two arbitrators shall, within further two months, together select a national of a third State having diplomatic relations with both Contracting Parties as Chairman of the arbitral tribunal.

4. If the arbitral tribunal has not been constituted within four months from the receipt of the written notice requesting arbitration, either Contracting Party may, in the absence of any other agreement, invite the President of the International Court of Justice to make any necessary appointments. If the President is a national of either Contracting Party or is otherwise prevented from discharging the said functions, the Member of the International Court of Justice next in seniority who is not a national of either Contracting Party or is not otherwise prevented from discharging the said functions shall be invited to make such necessary appointments.

5. The arbitral tribunal shall determine its own procedure. The arbitral tribunal shall reach its award in accordance with the provisions of this Agreement and universally accepted principles of international law.

6. The arbitral tribunal shall reach its award by a majority of votes. Such award shall be final and binding upon both

Contracting Parties. The arbitral tribunal shall, upon the request of either Contracting Party, explain the reasons of its award.

7. Each Contracting Party shall bear the costs of its appointed arbitrator and of its representation in arbitral proceedings. The relevant costs of the Chairman and tribunal shall be borne in equal parts by the Contracting Parties.

Article 9. Settlement of Disputes between Investors and One Contracting Party

1. Any legal dispute related with this Agreement between an investor of one Contracting Party and the other Contracting Party in connection with an investment in the territory of the other Contracting Party shall be notified in writing by the investor to the disputing Contracting Party. As far as possible, the dispute shall be settled amicably through negotiations between the parties to the dispute.

2. If the dispute cannot be settled through negotiations within six months from the date of the written notification under Paragraph 1, it shall be submitted by the choice of the investor:

(a) to the competent court of the Contracting Party that is a party to the dispute;

(b) to International Center for Settlement of Investment Disputes (ICSID) under the Convention on the Settlement of Disputes between States and Nationals of Other States, done at Washington on March 18, 1965, provided that the Contracting Party involved in the dispute may require the investor concerned to go through the domestic procedures specified by the laws and regulations of that Contracting Party before the submission to the ICSID.

Once the investor has submitted the dispute to the competent court of the Contracting Party concerned or to the ICSID, the choice of one of the two procedures shall be final.

3. The arbitration award shall be based on the law of the Contracting Party to the dispute including its rules on the conflict of laws, the provisions of this Agreement as well as the universally accepted principles of international law.

4. The arbitration award shall be final and binding upon both parties to the dispute. Both Contracting Parties shall commit themselves to the enforcement of the award.

Article 10. Other Obligations

1. If the legislation of either Contracting Party or international obligations existing at present or established hereafter between the Contracting Parties result in a position entitling investments by investors of the other Contracting Party to a treatment more favorable than is provided for by the Agreement, such position shall not be affected by this Agreement.

2. Each Contracting Party shall observe any commitments it may have entered into with the investors of the other Contracting Party as regards to their investments.

Article 11. Application

This Agreement shall apply to investment made prior to or after its entry into force by investors of one Contracting Party in the territory of the other Contracting Party in accordance with the laws and regulations of the Contracting Party concerned, but not apply to the dispute arose before its entry into force.

Article 12. Consultations

1. The representatives of the Contracting Parties shall hold meetings from time to time for the purpose of:

(a) reviewing the implementation of this Agreement;

(b) exchanging legal information and investment opportunities;

(c) resolving disputes arising out of investments;

(d) forwarding proposals on promotion of investment;

(e) studying other issues in connection with investment.

2. Where either Contracting Party requests consultation on any matter of Paragraph 1 of this Article, the other Contracting Party shall give prompt response and the consultation be held alternatively in Beijing and San Jose.

Article 13. Entry Into Force, Duration and Termination

1. This Agreement shall enter into force on the first day of the following month after the date on which both Contracting Parties have notified each other in writing that their respective internal legal procedures necessary have been fulfilled and shall remain in force for a period of ten years.

2. This Agreement shall remain in force unless either Contracting Party notifies the other Contracting Party in writing of its intention to terminate it. The termination of this Agreement shall become effective one year after notice of termination has been received by the other Contracting Party. In respect of investments or commitments to invest made prior to the date when the termination of this Agreement becomes effective, the provisions of Articles 1 to 12 inclusive, shall remain in. force for a period often years from such date of termination.

3. This Agreement may be amended by written agreement between the Contracting Parties. Any amendment shall enter into force under the same procedures required for entry into force of the present Agreement.

IN WITNESS WHEREOF the undersigned, duly authorized thereto by respective Governments, have signed this Agreement.

Done in duplicate at the city of Beijing on 24 October 2007, in the Chinese, Spanish and English languages, all texts being equally authentic. In case of divergent interpretation, the English text shall prevail.

For the Government of The People's Republic of China

For the Government of the Republic of Costa Rica