Agreement between the Government of the Eastern Republic of Uruguay and the Republic of Armenia on the Promotion and Reciprocal Protection of Investments

Approved by Act No 18.277: 16/ 05 / 2008 article 1

The Government of the Eastern Republic of Uruguay by one of the Parties, and the Government of the Republic of Armenia, of the other part, (hereinafter referred to as the contracting parties);

In its desire to strengthen economic cooperation to create favourable conditions for investments by nationals of one Contracting Party in the territory of the other Contracting Party, have agreed as follows:

Article 1. Definitions

For the purposes of this Agreement,

1. The term "investment" refers to every kind of assets invested or reinvested in the territory of either Contracting Party for the purpose of economic activities as prescribed by the national laws of the Contracting Parties and in particular, though not exclusively, includes:

(a) Movable and immovable property and property rights such as leases, mortgages, liens or deposits;

(b) Stocks of a company, debentures or other entities as well as any other form of participation in such entity;

(c) Debt instruments and any provision of contract;

(d) Intellectual Property Rights and technology;

(e) Concessions conferred by law or under contract, including concessions to explore, develop, exploit or extract natural resources.

Changes in the legal form of the capital invested or reinvested shall not affect their character of "investment" for the purposes of this Agreement.

2. The term investor means:

(a) Any natural person who is a national of either of the Contracting Parties in accordance with their respective legislation.

(b) Any legal person constituted in accordance with the legislation of one Contracting Party, having their residence in the territory of that Contracting Party and is recognised by its law.

(c) This Agreement shall not apply to investments made by natural persons who are nationals of both Contracting parties

Unless such persons, at the time of the investment, have their registered outside the territory of the party where the investment is made.

3. The term "returns" means the amounts yielded by an investment and in particular, though not exclusively, includes interests, capital gains, profits, dividends, royalties and fees.

4. The term "territory" means:

(a) With respect to the Republic of Armenia, the territory of the Republic of Armenia;

(b) With regard to the Eastern Republic of Uruguay, of its territory, internal waters and territorial sea as well as the maritime

zones beyond the territorial sea over which it exercises its sovereign rights or jurisdiction in accordance with its international and domestic legislation in force.

Article 2. Promotion and Protection of Investments

Each Contracting Party shall encourage and promote investments in its territory by investors of the other Contracting Party and shall accept such investments in accordance with their respective laws and regulations.

Article 3. National and Most-favoured-nation Treatment

1. Each Contracting Party shall ensure fair and equitable treatment to investments by investors of the other Contracting Party and shall not prevent unfair and discriminatory measures with the establishment, acquisition, expansion, operation, management, use, sale or other forms of disposal effected by such investors.

2. Each Contracting Party shall provide to the investors of the other contracting party and to their investments, a treatment no less favourable than that accorded to its own and their investors to investments or investors and investments of any third State, whichever is more favourable.

3. However, this treatment shall not apply to privileges granted by either contracting party to the investors of a third State by virtue of agreements establishing a customs union, free trade area, economic unions or similar institutions of regional cooperation, as well as under agreements regarding tax matters.

Article 4. Compensation and Disposition of Investments

1. Investments of investors of either of the Contracting Parties shall not be alienated, expropriated or nationalized, subjected to measures having an effect equivalent to nationalization or expropriation (hereinafter referred to as "disposal"), in the territory of the other contracting party except for public interest purposes. Disposition and compensation shall be carried out under due process of law, on a non-discriminatory basis and in accordance with the laws of the host country. Such compensation shall be equivalent to the market value of the investment transfered immediately before taking a final decision on such disposition. The compensation referred to above shall be payable in a freely transferable and freely currency conversion.

2. Investors of one Contracting Party who suffer losses with respect to investments in the territory of the other contracting party owing to war, armed conflict, a national state of emergency, revolt, insurrection or violent demonstrations, shall receive from this latter Contracting Party, with respect to the restitution a not less favourable treatment, on compensation, restitution or other settlement, than that accorded by that Contracting Party accords to its own investors or investors of any third State.

Article 5. Transfers

1. Each Contracting Party shall ensure the free transfer of all payments relating to investments in its territory by investors of the other contracting party, including:

(a) Amounts necessary for the maintenance of the development or investment;

(b) Revenue from investments;

(c) Amounts necessary for payments under contracts, including amounts for repayment of loans; royalties and other payments deriving from franchises, licences, concessions and other similar rights as well as salaries of staff concerned,

(d) Produced from the total or partial liquidation of investments, including capital gains in the capital invested;

(e) Compensation paid under article 4 of this Agreement,

(f) Payments arising from the settlement of disputes.

2. Transfers shall be made without undue delay in a freely convertible currency at the rate of exchange applicable on the date of transfer.

Article 6. Subrogation

1. If one contracting party or its designated agency makes a payment to its own investors against non-commercial risks

under a guarantee of any investment in the territory of the other contracting party, the latter Contracting Party shall recognize the assignment of any such right or claim of the investor to the former Contracting Party or its designated agency.

2. As regards the rights transferred, the other Contracting Party shall be entitled to claim against the insurer who is subrogated to the rights of the indemnified investors the obligations of the latter under law or contract.

3. The rights and subrogated claims shall not exceed the rights or the original claims of the investor.

Article 7. Settlement of Disputes between a Contracting Party and an Investor of the other Contracting Party

1. Any dispute between an investor of one Contracting Party and the other Contracting Party shall be notified in writing by the first party who initiates the action. The notification shall be accompanied by a detailed memorandum.

2. In the absence of an amicable settlement through negotiations between the parties within six months from the date of notification, the dispute shall be submitted at the choice of the investor, to the competent court of the State where the investment is made or to international arbitration. Once the investor has submitted the dispute to a national jurisdiction or to international arbitration, the choice of one of these procedures is final, unless the parties to the dispute agree otherwise.

To this end, each Contracting Party shall agree in advance and irrevocably the referral of any disputes as set out in paragraph 1 of this article to international arbitration in accordance with the provisions of this article. This consent implies that both parties shall waive the right to require that all available administrative or judicial requirements are exhausted prior to the submission to arbitration.

3. In case of international investment arbitration, the dispute shall be submitted for resolution under one of the organizations mentioned below, at the choice of the investor:

* The International Centre for Settlement of Investment Disputes (ICSID), under the Convention on the Settlement of Investment Disputes between States and nationals of other States or under the

* The rules governing the additional facility for the administration of proceedings by the secretariat of the Centre;

* An ad-hoc tribunal established under the Arbitration Rules of the United Nations Commission on International Trade Law.

4. At any stage of the arbitration proceedings or enforcement the arbitral award, neither of the contracting parties involved in a dispute shall be entitled to raise an objection as the fact that the investor who is the opposing party has received compensation totally or partly covering his losses as insurance or guarantee provided for in article 6 of this Agreement.

5. The arbitral tribunal shall decide on the basis of the legislation a national of the Contracting Party involved in the dispute in whose territory the investment was made, including the rules relating to conflicts of law as well as on the basis of the provisions of this Agreement, the terms of the specific agreement which may be relating to investments; and the principles of International Law.

6. The arbitral award shall be final and binding for the parties in dispute. Each Contracting Party shall execute the award according to its national law.

7. Neither Contracting Party shall submit a claim with respect to a dispute has been submitted to the procedures of this article unless other such Party has not complied or comply with the ruling of the arbitral tribunal or that the judicial authorities of the latter Contracting party has breached an international standard, including the denial of justice, or the provisions of this Agreement.

Article 8. Disputes between the Contracting Parties Concerning the Interpretation or Application of this Agreement

1. Disputes between the contracting parties concerning the interpretation or application of this Agreement shall be settled as far as possible through consultations or negotiations.

2. In the absence of a settlement through negotiations or consultations within a period of three months, the dispute shall be submitted to the Tribunal established under this article.

3. The arbitral tribunal shall be constituted for each individual case in the following way. Within three months of the receipt of the request for arbitration, each Contracting Party shall appoint one member of the Tribunal. Those two arbitrators shall select a citizen by mutual agreement of a third State who, approved by the Contracting Parties shall be appointed as

Chairman of the Tribunal (hereinafter referred to as "President"). The Chairman shall be appointed within 40 days from the date of appointment of the last two of the members of the Tribunal.

4. If the necessary appointments have not been made within the periods specified in paragraph 3 of this article, either Contracting Party may request the President of the International Court of Justice to make the necessary appointment(s).

If the President of the International Court of Justice is a citizen of either Contracting Party or of a State with which one of the Contracting Parties has no diplomatic relations or for any other reason, cannot discharge the said function, it shall request the Vice-President of the International Court of Justice to make the appointment(s). If the Vice-President of the International Court of Justice is also prevented from exercising the function it shall ask the next most senior member who is not a citizen of either Contracting Party, the concerned designation(s).

5. The tribunal shall determine its own rules of procedure. Its decisions shall be taken by a majority of votes. The Tribunal shall decide the dispute according to this Agreement interpreted and applied in accordance with the applicable rules of International Law. The decisions of the Tribunal shall be final and binding to the contracting parties.

6. Each Contracting Party shall bear the costs of its representation in the arbitral proceedings. The fees of the tribunal will be proportionately paid by the contracting parties. However, the Tribunal shall decide that a higher proportion of the costs be arranged by one of the Contracting Parties.

Article 9. Application of other Rules and Specific Agreements

1. If the provisions of the domestic law or existing international agreements or to be concluded in the future by both contracting parties contain special rules or specific to permit investors of either Contracting Party to a more favourable treatment than that provided for by this Agreement, such rules shall prevail over the same as is more favourable.

2. The investments made in accordance with any specific agreement between one Contracting Party and the investor(s) of the other Contracting Party, shall be governed by the provisions of this Agreement and that Convention.

Article 10. Applicability of this Agreement

1. This Agreement shall apply to investments made in the territory of either Contracting Party in accordance with its legislation prior to the Entry into Force of the Agreement, as well as to investments made thereafter.

2. This Agreement shall not apply to any dispute or claim raised prior to its entry into Force.

Article 11. Amendments and Adjustments

The amendments and changes in this Agreement may be conducted by mutual consent of the Contracting Parties in accordance with their respective legal and constitutional requirements. Amendments or revisions shall be conducted in the form of additional protocols and shall constitute an integral part of this Agreement. The same shall enter into force as established in article 12 of this Agreement.

Article 12. Entry Into Force, Duration and Termination of the Agreement

1. The Agreement shall enter into force on the month following the exchange of instruments of ratification by the contracting parties. This Agreement shall remain in force for a period of ten years.

2. The present Agreement shall be tacitly extended for periods of ten years unless the contracting parties have notified each other through diplomatic channels, with a six months prior to its finalization of its intention to terminate it.

3. With respect to investments made prior to the termination of this Agreement shall continue to apply the provisions of articles 1 to 12, for a period of ten years from the date of termination.

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

Done at Montevideo, six day of May in the year 2002, in two originals each one in the English, Armenian and Spanish languages, all texts being equally authentic. In case of divergence of interpretation the English text shall prevail.

For the Government of the Eastern Republic of Uruguaythe Republic

For the Government of the Republic of Armenia