Agreement between the Republic of China and the Republic of on the treatment and protection of investments

The Republic of Panama and the Republic of China,

Hereinafter referred to as the contracting parties.

Desiring to enhance the economic cooperation between the two States and reciprocal favourable conditions for investments by nationals of both States.

Convinced that the promotion and protection of investments encourage the transfer of capital and technology between the two States, which leads to their economic and social development.

Have agreed as follows:

Article I.

For the purposes of this Agreement are:

a) "investors":

(i) The nationals: are natural persons who according to the laws of each Contracting Party, have nationality or citizenship, as the case may be.

(ii) Companies are: all legal persons constituted in accordance with the legislation of each of the Contracting Parties, including companies, limited liability companies, corporations, associations or other organizations and foreign companies which are controlled by nationals of one of the Contracting Parties, provided that comply with legal formalities of the host State.

The legal status of a legal person of a Party shall be recognized by the other party. However, each party reserves the right to deny any of their own companies or firms of the other party or a foreign companies the benefits of this agreement except with respect to the recognition of the legal status and access to the courts, if any national of a third State own or control such entity.

Where a Contracting Party determines that the benefits of this Agreement shall not apply to a company in particular by reason, it shall inform the other party to seek a mutually satisfactory solution to the situation.

b) "investment" means every kind of investment approved by the host State, which is directly or indirectly owned or controlled by investors of the other contracting party, including heritage, and debt service contracts or investment, and includes:

(i) ownership of movable and immovable property and property rights, such as mortgage, lien and other charges;

(ii) A company or shares or other interests of a company or interests in the assets of the same;

(iii) Money or right to an operation having an economic value associated with an investment;

(iv) Industrial and Intellectual Property Rights with respect to property rights including literary, patents, trademarks, trade secrets, know-how, and added value;

(v) Licences and permits under the laws, including those issued for the manufacture and sale of goods within the territory of the contracting parties;

(vi) Any concessions conferred by law or under contract, including the rights of exploration and exploitation of natural resources, within the territory of the contracting parties;

(vii) Reinvested earnings;

(viii) Loans for commercial purposes.

Any change in the form in which assets are invested or reinvested, does not affect their character as investments.

Excluding those investments in areas closed by the Constitution and the laws of the host State, including activities expressly reserved for nationals of each of the Contracting Parties in accordance with their respective domestic legislation.

c) "possession or control": the ownership or control, directly or indirectly, including ownership or control exercised through subsidiaries, affiliates or wherever situated;

d) "profit": amounts derived from or associated with an investment, including profits, dividends, interests, capital gains, payment of royalties, fees, management or technical assistance fees and other benefits in kind.

e) "risk": specific events or contingencies that may occur and causing loss or damage to protected investments under this Agreement, shall be:

(i) "no convertibility", or a situation where, within the period of application of this Convention, investors of one of the Contracting Parties may not make foreign currency and the return on capital invested in the host State (capital gains or profits, dividends, interests, dividends, royalties and other income) to its own country within sixty days owing to foreign exchange control or authority of the host State, whichever is applicable; or investors of one Contracting Party suffer damage by an exchange rate discriminatory imposed by the Government of the host State.

(ii) "expropriation" or nationalization of foreign companies or dispossession of property by the Government of the host State, with the consequent injury of investors of the other contracting State Party; or measures or modification or repeal of laws that adverse effects equivalent to nationalization or expropriation of businesses owned by investors of the Government of the host State.

(i) "war, revolution, insurrection", meaning a situation of armed conflict which causes loss or damage to investors of the other party.

Article II.

Investments referred to in this Agreement shall be approved by the contracting States. If the State of which he is a national the investor has given its approval when de. state that the Government has notified the Government of the host State such approval. the Government of the host State has given its approval when it has granted the investor the commercial licence or other document required to start operations in that State.

Article III.

1. Each Contracting Party undertakes to investments of nationals and companies of the other party treatment which is fair and equitable and non-discriminatory according to the internal legal order and international law, and to ensure that the exercise of the ISA recognized right is not unduly hampered in any form.

2. Each Contracting Party shall apply in its territory, to nationals and companies of the other party, with regard to the protection of their investments, the treatment accorded to its nationals, or the treatment accorded to nationals or companies of any third State, whichever is more favourable.

Article IV.

The Contracting Parties agree that may grant additional guarantees established in its legislation to investments which have been approved by the Government of the host State and that are consistent with the provisions of this Agreement.

Article V.

Investments made by nationals or companies of one Contracting Party shall enjoy in the territory of the other contracting party, of full protection and security in accordance with the domestic legislation of the latter.

Article VI.

Compensation for specific risks listed in this Agreement shall be in conformity with the rules and procedures:

1. No convertibility: in the event of a situation of inconvertibility as defined in article I, paragraph (e) (i), investors of either Contracting Party, be submitted in writing to their respective government citing security deposit or guarantee convertibility, stating the detention of deposit concerned so as to make a claim for the host State, in which case such investors will transfer amounts in the currency of the host State affected by the situation of inconvertibility, the Government of the other Contracting Party, opened in a bank operating in the host country and request the Government of the other party compensation for damages.

In this case, the Government of the other party, compensation for such damage, managed by the Government of the host State the conversion of currencies of those s sums of money consisting in the currency of the host State and the receiving State undertakes to make the conversion.

2. Expropriation: the Contracting Parties shall take measures of expropriation or nationalization or any other measures, including the amendment or repeal of laws, which is the effect of dispossessing, directly or indirectly to investors of the other party; investments belonging to them, except for reasons of public interest or social purpose, as defined in the Law of the host State.

The Contracting Parties undertake not to forget or revoke incentives that were accorded to investors of the other Party, provided that they comply with the obligations inherent in HS investment and observe the laws of the host State, unless such incentives have been disregarded or revoked to its own nationals.

The host State shall indemnify appropriately and without delay to investors of the other contracting party, in the event that a violation of the preceding paragraph such dispossession, lack of rights or revocation of incentives.

The measures of protection that could be taken, must be in accordance with the respective legal and constitutional procedures. In the event of an expropriation following procedures, the host State shall pay the investor of the other party compensation calculated on the real value of the investment at the time immediately preceding the date of known or public be accorded the expropriation.

In the event of the occurrence of a expropriation as defined in article I, subparagraph (e) (ii), the Government of one of the Contracting Parties, after the investor for reimbursing the damage, may request the Government of the host State the payment of compensation under this paragraph.

3. War, insurrection or revolution: investors of one Contracting Party whose investments have suffered loss or damage owing to war, insurrection or revolution in the territory of the other Contracting Party, shall be accorded by the latter treatment not less favourable than that accorded in like circumstances to its own investors.

The compensation under the guarantees of investment as referred to in the preceding paragraph shall have the right to obtain investors shall be calculated on the real value of the investment involved, at the time of the occurrence of risk.

4. The compensation referred to in paragraphs 1, 2 and 3 of this article, shall be paid without delay, be effectively realizable and freely transferable currency and produce interest until the date of payment, at the rate agreed by the contracting parties.

In addition, investors or their respective government shall be entitled to compensation is converted into foreign currency for consignment abroad or for the legitimate use as they deem appropriate.

Article VII.

The State of which the investor is a national after the investor to compensate for the damage, may invoke the rights and claims that could have the same, in accordance with the provisions of this Convention.

Similarly, if the investment of an investor of one Contracting Party is insured or guaranteed against any specific risks set forth in article 1 (e) of this Agreement, the subrogation of the insurer or guarantor, or in the case of the reinsurer, in the rights of such investors under a contract of insurance or guarantee shall be recognized by the other contracting party. this recognition does not necessarily imply an admission by the host State of the amount of any merits or claim arising from the case.

Article VIII.

Each Contracting Party in whose territory the investment has been made by nationals or companies of the other Contracting Party agrees to such nationals or companies the free transfer of:

a) The profits, dividends, interests and other current income;

b) The royalties arising from the immaterial rights referred to in article I (b) (iv), and (vi);

c) Payments made for the reimbursement of loans regularly undertaken;

d) The proceeds of the sale of or the partial or total liquidation of the investment including capital gains of the capital invested;

e) The awards of dispossession or loss provided for in article VI, paragraphs 2 and 3 of this Agreement.

Article IX.

1. Any dispute concerning the interpretation or application of the provisions of this Agreement shall be settled through the diplomatic via. if the contracting Parties do not reach agreement within a period of six (6) months, the dispute shall be submitted, at request of one of the contracting parties to an arbitration tribunal.

The arbitral tribunal shall consist of three (3) arbitrators each Contracting Party shall appoint one arbitrator and the two arbitrators appointed by common agreement appoint a national of a third State, who will act as Chairman of the Tribunal; all members of the Tribunal shall be appointed within two (2) months from the date on which either Contracting Party has informed the other contracting party of its intention to submit the dispute to arbitration. If one of the contracting parties fails to appoint the arbitrator or would not agree to appoint the Chairman of the Tribunal within that period, the International Chamber of Commerce make such designation or appointment.

2. Each Contracting Party shall bear the costs executing his own participation in the arbitration process, including the costs of its own arbitrator. The cost of the Chairman of the arbitral tribunal and expenses incurred in the functioning of the Tribunal shall be borne in equal parts by the parties to the dispute.

3. Disputes between a Contracting Party and an investor of the other contracting party concerning the ownership, possession or control of the investment and its benefits and specific risks covered in this Agreement shall be settled as far as possible through amicable efforts. If such a dispute cannot be settled within six (6) months, shall be referred to arbitration compliance for this purpose the rules set out in this article.

Article X.

This Agreement shall enter into force on the date on which the Contracting Parties notify by via diplomatic, legal formalities have been fulfilled.

This Agreement shall not have retroactive in any of its effects, shall have an initial period of ten (10) years and shall be automatically extended for equal periods. however, after ten (10) years, either Contracting Party may denounce it at any time by written notice to the other contracting party. the denunciation will enter into force within one year of its submission.

The provisions of this Agreement relating to investments' undertaken during the term of the same, shall be valid for an additional shall period of ten (10) years from the date of its termination.

In WITNESS WHEREOF, the representatives of both States, duly authorized to this effect, have signed this Agreement.

Done at the city of Taipei, on 26 March 1992 of day each in two originals in the English and Chinese languages, both texts being equally authentic and identical.

For the Republic of China

(signed) Vincent C. Siew

Minister of Economic Affairs

Republic of China

For the Republic of Panama

(signed) Roberto Alfaro Estripeaut

Minister of Commerce and Industry

Republic of Panama