Agreement for the Reciprocal Promotion and Protection of Investments between the Kingdom of Spain and the Republic of Panama

The Kingdom of Spain and the Republic of Panama, hereinafter referred to as “the Contracting Parties”,

Desiring to intensify economic cooperation in the mutual benefit of both countries;

Aiming to create favourable conditions for investments by investors of either Contracting Party in the territory of the other party; and

Recognizing that the promotion and protection of investments under this Agreement stimulates initiatives in this field,

Have agreed as follows:

Article I. Definitions

For the purposes of this Agreement:

1. "investors" means with regard to either Contracting Party:

a) Natural persons having the nationality of a Contracting Party according to its legislation.

b) , companies, legal entities, including companies, corporations, company and any association of the previous or other organizations, whether or not for profit, provided that they are constituted or otherwise duly organized under the law of that Contracting Party.

2. "investment" shall mean every kind of assets or property and property rights such as of any nature, invested in accordance with the laws of the host State of investment and in particular, though not exclusively, the following:

a) Titles, stocks, debentures and any other form of participation in companies;

b) Rights to money or to any other performance under contract having an economic value; explicitly included all those loans for this purpose;

c) Movable and immovable property as well as other rights in rem such as mortgages, pledge, usufructs and similar rights;

d) Intellectual Property Rights including patents, trade names, trade marks, licensing of manufacture, processes, technical know-how and goodwill or key value;

e) Rights to undertake economic and commercial activities conferred by law, by an administrative act or under a contract, including concessions to prospecting, cultivate, extract or exploit natural resources.

Any change in the form in which assets are invested or reinvested shall not affect their holdings or qualification of investment. reinvestment of profits of an investment shall enjoy the treatment provided for this agreement.

Investments made in the territory of a Contracting Party by enterprises of that same Contracting Party that are effectively controlled by investors of the other Contracting Party shall likewise be considered investments.

3. The term "Income Investment" means income deriving from an investment and includes in particular, though not exclusively, profits, dividends, interests, capital gains, royalties and fees.

4. The term territory includes the land territory and territorial waters of each of the Contracting Parties, as well as the exclusive economic zone and the continental shelf extends beyond the limits of the territorial waters of each of the Contracting Parties on which they have and / or may have, in accordance with international law, sovereign rights and

jurisdiction.

Article II. Scope

This Agreement shall also apply to investments made before its entry into force by investors of one Contracting Party in the territory of the other contracting party. However, this Agreement shall not apply to differences or disputes which have arisen prior to its Entry into Force.

Article III. Promotion and Admit Investments

1. Each Contracting Party shall promote and create favourable conditions for investments in its territory by investors of the other Contracting Party and shall admit such investments in accordance with its laws.

2. If a Contracting Party has admitted an investment in its territory it shall in accordance with its laws and regulations the necessary permits in connection with such an investment as well as the required for the implementation of licensing contracts, technical assistance, commercial or administrative. Each Contracting Party shall accord in accordance with its laws, whenever necessary, the necessary authorizations concerning the activities of qualified consultants or staff, whatever their nationality.

Article IV. Protection

1. Investments made by investors of one Contracting Party in the territory of the other Contracting Party shall at all times be accorded fair and equitable treatment and shall enjoy full protection and security. Neither Contracting Party shall in no case accord to such investments treatment less favourable than that required by international law.

2. Neither Contracting Party shall in any way Arbitrary Discriminatory Measures or through the management, maintenance, use, enjoyment, extension and sale or liquidation of such investments. each Contracting Party shall observe any obligation it has assumed with regard to investments of investors of the other contracting party.

Article V. National Treatment and Most-favoured-nation Clause

1. Each Contracting Party shall accord in its territory to investments of investors of the other Contracting Party A treatment no less favourable than that accorded to investments of its own to investors or investments of investors of any third State, whichever is more favourable to the investor.

2. This treatment shall not extend to the privileges which one contracting party to extend to the investors of a third State by virtue of its participation or association, present or future, in a common market, in a customs union or economic or other international organizations or in similar economic agreements.

3. The treatment granted under the present article shall not include the benefit of any treatment, preference or privilege which either of the Contracting Parties may provide to its own investors to investors or of any third State by virtue of an international agreement relating wholly or mainly to taxation, including agreements to avoid double taxation or any domestic legislation relating wholly or mainly to taxation.

Article VI. Expropriation and Nationalization

1. Investments of investors of one Contracting Party in the territory of the other Contracting Party shall not be subjected to any expropriation or nationalization or any other measures having similar effects (hereinafter expropriation) except for reasons of public interest or social purpose, under due process of law, on a non-discriminatory basis and accompanied by payment of prompt, effective and adequate compensation.

2. The compensation shall be equivalent to the fair market value of the expropriated investment immediately before it shall take the measure of expropriation or before it is public knowledge, whichever comes first (hereinafter referred to as the valuation date). the compensation shall be paid without delay, be effectively realizable and freely transferable.

3. The fair market value shall be calculated in a freely convertible currency at the rate of exchange prevailing for that currency on the valuation date. the compensation shall include at a commercial interest rate according to market criteria established for that currency from the date of expropriation until the date of payment.

4. The Investor affected shall have a right under the law of the contracting party making the expropriation, to prompt review of their case by a judicial authority or another competent and independent authority of that Contracting Party to determine

whether such expropriation and the valuation of its investment have been adopted in accordance with the principles set out in this article.

5. If a Contracting Party expropiara the assets of a company which is constituted in its territory in accordance with its applicable laws and in which there is participation of investors of the other contracting party, the first Contracting Party shall ensure that the provisions of this article are applied so as to guarantee such investors to prompt, effective and adequate compensation.

Article VII. Compensation for Losses

1. Investors of one Contracting Party whose investments in the territory of the other contracting party suffer losses owing to war or other armed conflict, revolution, state of national emergency, revolt, riot or any other similar event, shall be accorded to restitution, indemnification, compensation or other settlement, a treatment no less favourable than that which the latter Contracting Party accords to its own investors to investors or of any third State, whichever is more favourable to the investor concerned. Resulting payments shall be freely transferable.

2. Without prejudice to paragraph 1 of this article, investors of one Contracting Party who suffer losses in any of the situations referred to in that paragraph in the territory of the other Contracting Party resulting from:

a) The requisition or occupation of their investments or part of their investment by its forces or authorities of the latter Contracting Party, or

b) The destruction not required by the necessity of the situation of their investments, or part of their investment by its forces or authorities of the latter Contracting Party,

They shall be accorded by the latter Contracting Party restitution or prompt, effective and adequate compensation. resulting payments shall be made without delay and shall be freely transferable.

Article VIII. Transfers

1. Each Contracting Party shall guarantee to investors of the other Contracting Party the free transfer of all payments relating to their investments and in particular, though not exclusively, the following:

a) The initial capital and additional amounts needed for the maintenance, expansion and development of the investment;

b) The investment income as defined in Article I;

c) The necessary funds in repayment of loans related to an investment;

d) Compensation and compensation provided for in articles VI and VII;

e) The proceeds of the total or partial sale or liquidation of an investment;

f) Wages and remuneration of other personnel engaged from abroad in connection with an investment;

g) Payments arising from the settlement of disputes.

2. The transfers referred to in the present Agreement shall be made without delay in freely convertible currency at the market exchange rate prevailing on the date of transfer.

3. Contracting Parties shall accord to the transfers referred to in this article a treatment no less favourable than that accorded to transfers of payments originating from investments of investors of any third State.

Article IX. More Favourable Terms

1. If the provisions of law of either Contracting Party or obligations under international law than this agreement, current or future between the contracting parties result in a general or special rules under which must be accorded to investments of investors of the other contracting party to a more favourable treatment than that provided for by the present Agreement, such rules shall prevail over the present Agreement, as is more favourable.

2 More favourable terms than those of this Agreement which have been agreed to by one of the Contracting Parties with investors of the other Contracting Party shall not be affected by this Agreement.

Article X. Principle of Subrogation

1. If a Contracting Party or its designated agency by a payment under a contract of guarantee or insurance against non-commercial risks given in respect of an investment of any of its investors in the territory of the other contracting party, the latter Contracting Party shall recognize the subrogation of any right or title in respect of the first such investor of contracting party or its designated agency and the right of the former Contracting Party or its designated agency to exercise subrogation by virtue of any such right or title to the same extent as its previous holder. the subrogation will ensure that the first Contracting Party or its designated agency by it are direct beneficiaries of any payments of compensation to the investor might be initial creditor.

2. If a Contracting Party or its designated agency by it has paid to its investor and has taken by its rights and benefits, the investor shall not claim such rights and benefits to the other Contracting Party, except with the express authorization of the first Contracting Party or its designated agency by it.

Article XI. Settlement of Disputes between the Contracting Parties

1. Any dispute between the contracting parties concerning the interpretation or application of this Agreement shall be settled as far as possible through diplomatic channels.

2. If the dispute cannot be settled in this way within six months from the beginning of negotiations, the dispute shall be submitted, at the request of either of the two contracting parties to an arbitration tribunal.

3. The arbitration tribunal shall be constituted as follows: each Contracting Party shall appoint one arbitrator and these two arbitrators shall elect a national of a third State as Chairman. The arbitrators shall be appointed within three months and the Chairman within five months from the date on which either Contracting Party has informed the other contracting party of its intention to submit the dispute to an arbitration tribunal.

4. If within the periods specified in paragraph 3 of this article have not been completed the necessary appointments, either Contracting Party may, in the absence of any other agreement, invite the President of the International Court of Justice to make the necessary appointments. If the President of the International Court of Justice cannot discharge the said function or is a national of either Contracting Party, the Vice-President shall be invited to make the necessary appointments. If the Vice-President cannot discharge the said function or is a national of either Contracting Party, the appointment shall be made by the member of the International Court of Justice to continue in seniority who is not a national of any of the Contracting Parties.

5. The arbitration tribunal shall deliver its opinion on the basis of respect for the law, to the rules contained in this Agreement or in other agreements in force between the contracting parties, and on the universally recognized principles of International Law.

6. Unless the Contracting Parties decide otherwise, the tribunal shall determine its own procedure.

7. The tribunal shall reach its decision by a majority of votes and it shall be final and binding on both contracting parties.

8. Each Contracting Party shall bear the costs of the arbitrator appointed by it and its representation in the arbitral proceedings. The other expenses, including the President, shall be borne in equal parts by both Contracting Parties.

Article XII. Disputes between Investors and a Contracting Party of the other Contracting Party

1. Any dispute concerning an investment which may arise between a Contracting Party and an investor of the other Contracting Party with respect to matters governed by this Agreement shall be notified in writing, including detailed information by the investor Contracting Party to the recipient of the investment. To the extent possible, the parties to the dispute seek to settle the dispute by means of a friendly settlement.

2. If the dispute cannot be settled in this way within six months from the date of the written notification mentioned in paragraph 1, the investor may submit the dispute to:

The competent courts of the Contracting Party in whose territory the investment was made; or

A tribunal established ad hoc arbitration under the Arbitration Rules of the United Nations Commission on International Trade Law; or

The International Centre International Centre for Settlement of Investment Disputes (ICSID) established by the Convention

on the Settlement of Investment Disputes between States and Nationals of Other States, opened for signature at Washington on 18 March 1965.

3. The arbitration shall be based on:

a) The provisions of this Agreement and any other agreements concluded between the contracting parties;

b) The rules and the universally accepted principles of International Law;

c) The national law of the Contracting Party in whose territory the investment was made, including the rules relating to conflicts of law.

4. The Contracting Party which is a party to the dispute may not assert that the investor as a defence under a contract of insurance or guarantee, collected or will receive indemnification or other compensation for all or part of its losses.

5. The arbitral decisions shall be final and binding on the parties to the dispute. each Contracting Party undertakes to execute the decisions in accordance with its national legislation.

Article XIII. Entry Into Force, Extension and Termination

1. This Agreement shall enter into force on the date on which the contracting parties have notified each other that their respective constitutional formalities required for the Entry into Force of international agreements have been completed. it shall remain in force for an initial period of ten years and shall be renewable, by tacit renewal, for periods of two consecutive years.

2. Each Contracting Party may denounce this Agreement by a written notification, six months before the date of expiry.

3. With respect to investments made prior to the date of termination of this Agreement, the provisions contained in the other articles of this Agreement shall remain in force for a further period of ten years from the date of denunciation.

Done at Panama, in two originals in English, which are equally authentic, the day of 10 November 1997.

For the Kingdom of Spain,

José Manuel Fernández Norniella,

State Secretary of Commerce, Tourism and Small and Medium-Sized Enterprises

For the Republic of Panama,

Ricardo Alberto Arias Arias

Minister of Foreign Affairs