AGREEMENT BETWEEN THE REPUBLIC OF CHILE AND THE REPUBLIC OF TURKEY CONCERNING THE RECIPROCAL PROMOTION AND PROTECTION OF INVESTMENTS

The Republic of Chile and the Republic of Turkey, hereinafter called the Contracting Parties;

Desiring to promote greater economic cooperation between them, particularly with respect to investments by investors of one Contracting Party which implies the transfer of any kind of asset into the territory of the other Contracting Party;

Recognizing that agreement upon the treatment to be accorded such investment will stimulate the flow of capital and technology and the economic development of the Contracting Parties;

Agreeing that fair and equitable treatment of investment is desirable in order to maintain a stable framework for investments and maximum effective utilization of economic resources, and

Having resolved to conclude an agreement concerning the encouragement and reciprocal protection of investments,

Hereby agree as follows:

Article I. Definitions

For the purpose of this Agreement:

1. The term "investor" means the following subjects who invest in the territory of the other Contracting Party in accordance with this Agreement:

(a) Natural persons deriving their status as nationals of either Contracting Party according to its applicable law,

(b) Any legal person including companies, corporations, or business associations incorporated or constituted under the law in force of either of the Contracting Parties and having their headquarters together with effective economic activities in the territory of that Contracting Party.

2. The term "investment" means any kind of asset, provided that the investment has been admitted in accordance with the laws and regulations of the other Contracting Party, and shall include in particular, though not exclusively:

(a) Movable and immovable property, as well as any other rights in rem as defined in conformity with the laws and regulations of the Contracting Party in whose territory the property is situated,

(b) Shares, stocks or any other form of participation in companies,

(c) Returns reinvested,

(d) Claims to money or any performance having economic value relating to an investment,

(e) Industrial and intellectual property rights, patents, industrial designs, trademark, goodwill, know-how and any other similar rights,

(f) Concessions conferred by law or by contract, including the concessions related to natural resources.

3. The term "returns" means the amounts yielded by an investment and includes in particular, though not exclusively, profit, interest and dividendes.

4. The term "territory" includes the areas of the exclusive economic zone and the continental shelf insofar as international law permits the Contracting Party concerned to exercise sovereign rights or jurisdiction in these areas.

Article II. Scope of Application

This Agreement shall apply to investments in the territory of one Contracting Party made in accordance with its legislation, prior to or after the entry into force of the Agreement, by investors of the other Contracting Party. It shall however not be applicable to disputes which arose prior to its entry into force.

Article III. Promotion of Investments

Each Contracting Party shall promote in its territory investments and associated activities therewith by investors of the other Contracting Party and shall admit such investments in accordance with its laws and regulations, on a basis no less favourable than that accorded in similar situations to investments of investors of any third country.

Article IV. Protection of Investments

1. Each Contracting Party shall at all times ensure fair and equitable treatment to the investors of the other Contracting Party and shall not impair the management, maintenance, use, enjoyment or disposal thereof, through unjustified or discriminatory measures.

2. Each Contracting Party shall acord to these investments, once established, treatment no less favourable than that accorded in similar situations to investments of its own investors or to investments of investors of any third country, whichever is the most favourable.

3. Subject to the laws and regulations of the Contracting Parties relating to the entry, sojourn and employment of aliens:

(a) Nationals of either Contracting Party shall be permitted to enter and to remain in the territory of the other Contracting Party for the purpose of establishing, developing, administering or advising on the operation of an investment to which they, or an investor of the first Contracting Party that employs them, have committed or are in the process of committing capital or other resources,

(b) Legal persons, as defined in Article I. 1 (b), which are constituted under the applicable laws and regulations of one Contracting Party, and which are investments of investors of the other Contracting Party, shall be permitted to engage managerial and technical personnel of their choice, regardless of nationality.

4. The provisions of this Article shall have no effect in relation to following agreements entered into by either of the Contracting Parties:

(a) Relating to any existing or future customs unions, common markets, free trade areas, regional economic organizations or similar international agreements,

(b) Relating wholly or mainly to taxation.

Article V. Expropriation and Compensation

1. Neither of the Contracting Parties shall take any measures of nationalization or expropriation or any other measure having the same effect against investments in its territory belonging to investors of the other Contracting Party, unless the measures are taken in the public benefit and under due process of law. The measures are accompanied by provisions for the payment of prompt, adequate and effective compensation. Such compensation shall amount to the market value of the expropriated investment immediately before the expropriation or before the impending expropriation became public knowledge, whichever is earlier, shall include interest from the date of expropriation, shall be paid without undue delay and shall be effectively realizable and freely transferable.

2. The investor affected shall have a right to access, under the law of the Contracting Party making the expropriation, to the judicial authority of that Party, in order to review the amount of compensation and the legality of any such expropriation or comparable measure.

Article VI. Compensation for Losses

Investors of either Contracting Party whose investments suffer losses in the territory of the other Contracting Party owing to war, insurrection, civil disturbance or other similar events shall be accorded by such other Contracting Party a treatment not less favourable than that accorded to its own investors or to investors of any third country, whichever is the most favourable treatment, as regards any measures it adopts in relation to such losses.

Article VII. Transfers

1. Each Contracting Party shall allow without delay the investors of the other Contracting Party the transfer of funds in connection with an investment in a freely convertible currency, particularly of:

(a) Returns,

(b) Proceeds from the sale or liquidation of all or any part of an investment,

(c) Compensation pursuant to Articles V and VI,

(d) Reimbursements and interest payments deriving from loans in connection with investments,

(e) Salaries, wages and other remunerations received by the nationals of one Contracting Party who have obtained in the territory of the other Contracting Party the corresponding work permits relative to an investment, and

(f) Payments arising from an investment dispute.

2. Transfers shall be made in the convertible currency in which the investment has been made or in any convertible currency if so agreed by the investor and at the rate of exchange in force at the date of transfer.

3. Notwithstanding the provisions of paragraphs 1. and 2., either Contracting Party may maintain laws and regulations:

(a) Prescribing procedures to be followed concerning transfers permitted by this Article, provided that such procedures are completed without delay by the Contracting Party concerned and do not impair the substance of the rights set forth in paragraphs 1. and 2. of this Article,

(b) Requiring reports of currency transfer,

(c) Imposing income taxes by such means as a withholding tax applicable to dividends or other transfers. Furthermore, either Contracting Party may protect the rights of

Creditors or ensure the satisfaction of judgment in an adjudicatory proceeding, through the equitable, non-discriminatory and good faith application of its law.

Article VIII. Subrogation

1. If the investment of an investor of one Contracting Party is insured against non-commercial risks under a system established by law, any subrogation of the insurer which stems from the terms of the insurance agreement shall be recognized by the other Contracting Party.

2. The insurer shall not be entitled to exercise any rights other than the rights which the investor would have been entitled to exercise.

3. Disputes beteen a Contracting Party and an insurer shall be settled in accordance with the provisions of Article XI of this Agreement.

Article IX. More Favourable Provisions

If the provisions of international legal obligations or of the laws and regulations of either Contracting Party or the Agreements or any other form of obligations existing at present or established hereafter between the Contracting Parties in addition to the present Agreement or if any agreement between an investor of one Contracting Party and the other Contracting Party contain rules, whether general or specific, entitling investments by investors of the other Contracting Party to a treatment more favourable than is provided for in the present Agreement, such rules shall, to the extent that they are more favourable, prevail over the present Agreement.

Article X. Consultations

The Contracting Parties agree to consult promptly, on the request of either of them, to resolve any disputes in connection with the agreement or to discuss any matter relating to the interpretation or application of the Agreement.

Article XI. Settlement of Disputes between One Contracting Party and Investors of the other Contracting Party

1. With a view to an amicable solution of disputes, between a Contracting Party and an investor of the other Contracting Party in connection with his investment, upon a prior written notification of any of them, consultations will take place between the Contracting Parties concerned.

2. If these consultations do not result in a solution within three months from the date of a written request for settlement, the investor may submit the dispute either:

(a) To the competent tribunal or court of the Contracting Party in whose territory the investment was made; or

(b) To international arbitration of the International Centre for Settlement of Investment Disputes (ICSID), created by the Convention on the Settlement of Investment Disputes Between States and Nationals of other States opened for signature in Washington D.C. on March 18, 1965.

(c) An ad hoc court of arbitration laid down under the Arbitration Rules of Procedure of the United Nations Commission for International Trade Law.

3. Once the investor has submitted the dispute to the competent tribunal or court of the Contracting Party in whose territory the investment was made, or to international arbitration, that election shall be final.

4. The arbitral tribunal shall decide in accordance with the provisions of this Agreement, the laws of the Contracting Party involved in the dispute, including its rules on conflict of law, the terms of any specific agreement concluded in relation to such an investment and the relevant rules and principles of International Law.

5. The arbitrations decisions shall be final and binding on both Parties and shall be enforced in accordance with the laws of the Contracting Party in whose territory the investment was made.

6. Once a dispute has been submitted to the competent tribunal or court or international arbitration in accordance with this Article, neither Contracting Party shall pursue the dispute through diplomatic channels unless the other Contracting Party has failed to abide or comply with any judgment, award, order or other determination made by the competent international or local tribunal or court in question.

Article XII. Settlement of Disputes between Contracting Parties

1. The Contracting Parties shall endeavour to resolve any difference between them regarding the interpretation or application of the provisions of this Agreement by friendly negotiations.

2. If the difference cannot thus be settled within six months following the date of notification of the difference, either Contracting Party may submit it to an ad hoc Arbitral Tribunal in accordance with this Article.

3. The Arbitral Tribunal shall be formed by three members and shall be constituted as follows: within two months of the notification by a Contracting Party of its wish to settle the dispute by arbitration, each Contracting Party shall appoint one arbitrator. These two members shall then, within thirty days of the appointment of the last one, agree upon a chairman who shall be a national of a third country.

4. If, within the time limits provided for in paragraph 2. and 3. of this Article the required appointment has not been made or the required approval has not been given, either Contracting Party may request the President of the International Court of Justice to make the necessary appointments. If the President of the International Court of Justice is prevented from carrying out the said function or if that person is a national of either Contracting Party, the appointments shall be made by the most senior Judge of the Court who is not a national of either Contracting Party.

5. The Chairman of the Tribunal shall be a national of a third country which has diplomatic relations with both Contracting Parties.

6. The Tribunal shall have three months from the date of the selection of the Chairman to agree upon rules of procedure consistent with the other provisions of this Agreement. In the absence of such agreement, the Tribunal shall request the President of the International Court of Justice to designate rules of procedure, taking into account generally recongnized rules of international arbitral procedure.

7. The Arbitral Tribunal shall reach its decisions taking into account the provisions of this Agreement, the principles of international law on this subject and the general principles of Law as recognized by the Contracting Parties. The Tribunal shall reach its decisions by a majority vote.

8. Each Contracting Party shall bear the cost of the arbitrator it has appointed and of its representation in the arbitral

proceedings. The cost of the Chairman and the remaining cost shall be borne in equal parts by the Contracting Parties unless agreed otherwise.

9. The decisions of the Arbitral Tribunal shall be final and binding on both Contracting Parties.

10. A dispute shall not be submitted to an international arbitration court under the provisions of this Article, if the same dispute has been brought before another international arbitration court under the provisions of Article XI and is still before the court.

Article XIII. Final Provisions

1. The Contracting Parties shall notify each other when the constitutional requirements for the entry into force of this Agreement have been fulfilled. The Agreement shall enter into force thirty days after the date of the latter notifications.

2. This Agreement shall remain in force for a period of ten years. Thereafter it shall remain in force indefinitely unless one of the Contracting Parties gives one year's written notice of termination through diplomatic channels.

3. In respect of investments made prior to the date when the notice of termination of this Agreement becomes effective, the provisions of this Agreement shall remain in force for a further period of ten years from that date.

4. This Agreement may be amended by written consent between the Parties. Any amendment shall enter into force when each Contracting Party has notified the other that it has completed all internal requirements for the entry into force of such amendment.

DONE at Santiago, on this twenty first day of august, one thousand nine hundred and ninety eight in duplicate in the Spanish, Turkish and English languages, all texts being equally authentic. In case of any divergence of interpretation, the English text shall prevail.

On signing the Agreement on the Reciprocal Promotion and Protection of Investments between the Republic of Chile and the Republic of Turkey have, in addition, agreed on the following provisions, which shall be regarded as an integral part of the said Agreement.

1.

Ad. Article VII

1. Capital can only be transferred one year after it has entered the territory of the Contracting Party unless its legislation provides for a more favourable treatment.

2. A transfer shall be deemed to have been made without delay if carried out within such period as is normally required for the completion of transfer formalities. The said period shall start on the day on which the relevant request has been submitted and may in no case exceed thirty days.

DONE at Santiago, on this twenty first day of august, one thousand nine hundred and ninety eight in duplicate in the Spanish, Turkish and English languages, all texts being equally authentic. In case of any divergence of interpretation, the English text shall prevail.