AGREEMENT BETWEEN

AND THE GOVERNMENT OF THE REPUBLIC OF PARAGUAY FOR THE PROMOTION AND RECIPROCAL PROTECTION OF INVESTMENTS

THE GOVERNMENT OF

AND

THE GOVERNMENT OF THE REPUBLIC OF PARAGUAY

DESIRING

to strengthen their economic cooperation by creating favourable conditions for the realisation of investments by investors of one of the Contracting Parties in the territory of the other Contracting Party,

CONSIDERING

the beneficial influence that this Agreement may have in improving business contacts and strengthening confidence in the field of investment,

HAVE AGREED AS FOLLOWS

Article 1. Definitions

1. The term "investor" means:

(a) Any natural person who, under Paraguayan law, is considered a citizen of the of the Republic of Paraguay, respectively;

b) Any legal entity incorporated under the laws of ..... or Paraguay and having its registered office in the territory of ..... or of the Republic of Paraguay, respectively,

2. The term "investment" means any element of any asset and any direct or indirect contribution in cash, in kind or in services, invested or reinvested in any sector of economic activity.

They are considered primarily, but not exclusively, as investments within the meaning of this agreement:

(a) movable and immovable property and other rights in rem such as mortgages, pledges, guarantees, usufructs and similar rights;

(b) shares, partnership interests and other forms of participation, whether or not minority or indirect, in companies incorporated in the territory of one of the Contracting Parties;

(c) obligations, claims and rights in respect of all economic benefits;

(d) copyrights, industrial property rights (such as patents, licences, trademarks, industrial designs and models), technical processes, know-how, registered names and goodwill;

(e) concessions under public or contractual law, in particular those relating to the exploration, cultivation, extraction or exploitation of natural resources.

Any change in the legal form in which assets and capital have been invested or reinvested shall not affect their qualification as investments within the meaning of this Agreement.

3. The term "profits" means the sums produced by an investor, including, but not limited to, profits, interest, capital gains,

dividends, royalties or compensation.

Article 2. Promotion of Investments

1. Each Contracting Party shall encourage investments by investors of the other Contracting Party and shall admit their investments in its territory in accordance with its legislation.

2. In particular, each Contracting Party shall authorise the conclusion and execution of licensing contracts and commercial administrative or technical assistance agreements in so far as their activities are related to investments.

3. This Agreement shall apply to investments in the territory of one of the Contracting Parties admitted under its legislation by investors of the other Contracting Party, made before or after the entry into force of this Agreement. However, it shall not apply to divergences or disputes which have arisen prior to its entry into force.

Article 3. Protection of Investments

1. All existing and future investments made by investors of one Contracting Party shall enjoy, in the territory of the other Contracting Party, fair and equitable treatment.

2. Subject to measures necessary for the maintenance of public order, these investments shall enjoy constant security and protection, excluding any undue or discriminatory measure which might hinder, in law or in fact, their management, maintenance, utilisation, use or liquidation.

3. The treatment and protection defined in paragraphs 1 and 2 are at least equal to those enjoyed by investors of a third State and are in no case less favourable than those recognised under international law.

4. However, such treatment and protection do not extend to the privileges which a Contracting Party accords to investors of a third State by virtue of (a) its participation in or association with a free trade area, a customs union, a common market or any other form of international economic organisation (b) a convention for the avoidance of double taxation or any other tax convention.

Article 4. Expropriation, Compensation

1. Each Contracting Party undertakes not to take directly or indirectly any measure of expropriation or nationalisation or any other measure having similar effects, with respect to investments in its territory belonging to investors of the other Contracting Party.

2. If imperative public utility, security, or national interest considerations justify a derogation from paragraph 1, the following conditions shall be required:

(a) the measures are taken in accordance with a lawful procedure,

(b) these measures are not non-discriminatory, nor contrary to a specific commitment;

c) these measures are in accordance with provisions providing for the payment of adequate and effective compensation.

3. The amount of compensation shall correspond to the real value of the investments concerned on the day before the day on which the measures were taken or made public.

Compensation shall be established in the local currency and paid in the currency of the State to which the investor belongs. They shall bear interest at the normal commercial rate from the date of their fixing until the date of their payment; they shall be paid without undue delay and shall be freely transferable, irrespective of the place of residence or of the seat of the right holder.

4. Investors of a Contracting Party in which investments have suffered damage due to war or other armed conflict, revolution, state of national emergency or insurrection occurring in the territory of the other Contracting Party shall be accorded by the latter Party treatment at least equal to that accorded to investors of the most favoured nation as regards restitution, indemnification, compensation or other reparation.

5. For the matters covered by this Article, each Contracting Party shall accord to investors of the other Party treatment at least equal to that accorded in its territory to investors of the most favoured nation. Such treatment shall in no case be less favourable than that recognised by international law.

Article 5. Free Transfer

1. Each Contracting Party, in the territory in which investments have been made by investors of the other Contracting Party, guarantees to such investors; the free transfer of their liquid assets and above all:

a) of the income from the investments including profits, interest, capital gains, dividends, royalties (copyright or invention rights);

b) sums necessary for the repayment of loans contracted on a regular basis; c) sums necessary for the repayment of loans contracted on a regular basis;

(c) the proceeds of the recovery of debts, or of the total or partial liquidation of investments, including capital gains or increases in invested capital

(d) compensation paid pursuant to Article 4.

e) receipts or other payments resulting from licence fees and commercial, administrative or technical assistance fees.

2. Nationals of each Contracting Party who are authorised to work as an accepted investment in the territory of the other Contracting Party shall also be free to transfer to their country of origin an appropriate share of their remuneration.

3. Transfers may be freely effected without any charges other than the usual fees and expenses.

The guarantees provided for in this Article are at least equal to those accorded in analogous cases to most-favoured-nation investors.

Article 6. Exchange Rate

1. The transfers referred to in this Agreement are effected on the day on which they are made and at the exchange rates applicable under the regulations of the territory in which the investment is made, in Articles 4 and 5 of this Agreement, at the exchange rates applicable in the territory in which the investment is made.

2. These rates shall in no case be less favourable than those accorded to most-favoured-nation investors, in particular by virtue of specific commitments provided for in any of the agreements or arrangements on investment protection.

3. In all cases, the rates applied shall be fair and equitable.

Article 7. Subrogation

1. If a Contracting Party or a public body thereof pays compensation to its own investors under a guarantee given for an investment, the other Contracting Party recognises that the rights of the compensated investors have been transferred to the Contracting Party or public body concerned, in its capacity as insurer.

2. On the same basis as the investors, and within the limits of the rights thus transferred, the insurer may, by way of subrogation, exercise and enforce the rights of such investors and related claims.

Subrogation of rights also extends to the transfer and arbitration rights referred to in Articles 5 and 11.

These rights may be exercised by the insurer within the limits of the portion of the risk covered by the guarantee contract and by the investor benefiting from the guarantee within the limits of the portion of the risk not covered by the contract.

3. With regard to the rights transferred, the other Contracting Party may enforce against the insurer, subrogated to the rights of the indemnified investors, the obligations legally or contractually incumbent on the latter.

Article 8. Applicable Rules

Where an investment matter is governed by both this Agreement and the domestic law of one of the Contracting Parties, or by existing or future international conventions entered into by the Parties, investors of the other Contracting Party may prevail over the provisions which are more favourable to them.

Article 9. Special Agreements

1. Investments that are the subject of a special agreement between a Contracting Party and investors of the other Party shall

be governed by the provisions of this Agreement and those of the special agreement.

2. Each Contracting Party shall at all times ensure that the commitments it has entered into with the investors of the other Contracting Party are respected.

Article 10. Disputes between Contracting Parties as to Interpretation or Application

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

2. In the absence of settlement through diplomatic channels, the dispute shall be submitted to a Joint Commission, composed of representatives of the two Parties, which shall meet at the request of the more diligent Party and without undue delay.

3. If the dispute cannot be settled by the Joint Commission, it shall, at the request of either Contracting Party, be submitted to arbitration, applied on a case-by-case basis as follows:

Each Contracting Party shall appoint an arbitrator within three months of the date on which one of the Parties informs the other of its intention to submit the dispute to arbitration. Within two months of such appointment, the two arbitrators shall designate, by common agreement, a national of a third State, who shall be the Chairman of the panel of arbitrators.

If these time limits have not been observed, either one or the other Contracting Party shall invite the President of the International Court of Justice to proceed with the appointment of the arbitrator or arbitrators not appointed.

If the President of the International Court of Justice is a national of one or the other Contracting Party or of a State with which one or the other Contracting Party does not maintain diplomatic relations, or if, for any other reason, he or she is prevented from exercising this function, the Vice-President of the Court shall be invited to make the appointment.

4. The college thus constituted shall establish its own rules of procedure. Decisions shall be taken by majority vote and shall be final and binding on the Contracting Parties.

5. Each Contracting Party shall bear the expenses related to the appointment of its arbitrator. The expenses relating to the appointment of the third arbitrator and the operating expenses of the panel shall be borne, in equal shares, by the Contracting Parties.

Article 11. Disputes between a Contracting Party and an Investor of the other Contracting Party

1. Any investment dispute between an investor of one Contracting Party and the other Contracting Party shall be the subject of a written notification, accompanied by a sufficiently detailed memorial, at the request of the more diligent Party.

As far as possible, such dispute shall be settled amicably between the parties to the dispute or, failing that, by conciliation between the Contracting Parties through diplomatic channels.

2. If these means of settlement fail to resolve the dispute within six months from the date of the request for settlement of the dispute, the investor may submit the dispute either to the national jurisdiction of the Contracting Party in whose territory the investment was made or to international arbitration. In the latter case, the investor has the following options:

a) the International Centre for Settlement of Investment Disputes (ICSID), established by the Convention on the Settlement of Disputes between States and Nationals of other States, opened for signature in Washington D.C., on 18 March 1965;

b) an ad hoc tribunal, which, unless otherwise agreed by the Parties to the Dispute, shall be established under the rules of the United Nations Commission on International Trade Law (UNCITRAL).

To this end, each Contracting Party gives its advance and irrevocable consent to the submission of any dispute to this arbitration. This consent implies that the Parties waive the requirement to exhaust domestic administrative or judicial remedies.

3. In the event of recourse to domestic jurisdiction, the investor may not opt for the international arbitration referred to in paragraph 2 of this Article, except in the event that after a period of 18 months, there is no final judgment of the competent Court.

4. No Contracting Party to the dispute shall object at any stage of the arbitration proceedings or of the enforcement of an arbitration award on the ground that the investor of the adverse party to the dispute has received an indemnity covering all

or part of the losses in execution of an insurance policy or guarantee provided for in Article 7 of this Agreement.

5. The arbitral tribunal shall rule on the basis of the national law of the Contracting Party in dispute er. the territory in which the investment was made, including rules relating to conflicts of laws, provisions of this Agreement, terms of the particular agreement to which it would be a party with respect to the investment, as well as principles of international law.

6. Arbitration awards are final and binding on the parties to the dispute. Each Contracting Party undertakes to enforce awards in accordance with its national law.

Article 12. Most-favoured-nation

For all matters relating to the treatment of investments, investors of each Contracting Party shall, in the territory of the other Party, benefit, in the territory of the other Party, from most-favoured-nation treatment.

Article 13. Entry Into Force, Duration

1. This Agreement shall enter into force one month after the date on which the Contracting Parties have exchanged their instruments of ratification.

It shall remain in force for a period of ten years.

Unless one of the Contracting Parties so indicates at least six months before the expiry of the period of validity, this Agreement shall be tacitly renewed for a further period of ten years, each Contracting Party reserving the right to so indicate by notification made at least six months before the date of expiry of the current period of validity.

2. Investments made prior to the date of expiry of this Agreement shall be subject to a period of ten years from that date.

IN WITNESS WHEREOF, the undersigned representatives, being duly authorised by their respective Governments, have signed this Agreement.

DONE at ..... at ..... in two originals, each in the Spanish and Dutch languages, the texts being equally authentic.