

Agreement between the Government of the Republic of Paraguay and the Government of the Republic of China on mutual investment guarantee

The Government of the Republic of Paraguay and the Government of the Republic of China

(hereinafter referred to as the "Contracting Parties"), with the aim of creating favourable conditions for investors of one contracting party to make investments in the other, in order to promote the development and economic cooperation between the two countries;

Whereas protection to such investments will encourage and enhance the good relations of both countries;

Have agreed as follows:

Article I.

1 The term "investor" referred to in this Agreement means:

1.1 A natural person who is a national of either of the Contracting Parties,

1.2 A legal person or corporation constituted according to the legislation of either of the two contracting parties, where the majority shareholders who possess the actions or benefits area nationals of the Contracting Parties

1.3 A foreign company in which the shareholders have the majority of the actions would be nationals of either of the Contracting Parties.

2. The term "capital investment" referred in this Agreement is the investment made by investors of either of the Contracting Parties, and includes the following:

2.1 Cash

2.2 Necessary capital assets for the development of the activities covered by the relevant laws, appropriate to the nature of the same and intended exclusively to such activities in accordance with the approved investment project;

2.3 Specialized technology and intellectual and industrial property rights; and

2.4 The reinvestment of profits, interests or any other income from investments that are capitalized.

3. "classes of investment" undertaken under the Convention, including the following:

3.1 The establishment of new enterprises or expansion of existing through the increase of capital,

3.2 Purchase shares, bonds or debentures, public or private bonds, in cash, loans in machinery, equipment, on raw materials or inputs;

3.3 Specialized industrial technology transfer or Intellectual Property Rights, such as equity or cooperation.

4. The "specific risk" that refers to this Agreement refers to the following cases: Not convertibility, expropriation, war, insurrection or revolution.

4.1 No convertibility: is a situation in which, within the period of application of this Convention, investors of either of the two contracting parties cannot turn in foreign currency and repatriate capital invested in the other contracting party, either as a contribution of capital, as a loan from abroad or the dividends (capital gains, profits, dividends, interests, royalties and other income) in the Party to which they belong, investors within the stipulated period, according to the rules in force in the other contracting party.

4.2 Expropriation is: the legislative act of the Contracting Parties requiring the owner to transfer ownership and possession of a good based on public utility or social interest, administrative acts or amendments of laws or regulations that cause any damages equivalent to an expropriation by the Government of either of the contracting party. Expropriation is also the violation or unjustified withdrawal of incentives granted by the Government of either Contracting Party to investors.

4.3 War, revolution or insurrection: are the violent alterations of the internal order from one of the Contracting Parties where the investment has been made, which cause damages and losses to people or goods located in that Contracting Party.

Article II.

1 Investments made under this Agreement shall be approved by the Government of the host contracting party of the investment.

2 The Governments of the Contracting Parties shall grant the right of residence and establishment to investors which make investments in its territory, to the personal of the management area, administration area and technical as to their families, which are specifically identified in each investment project.

3 Each Contracting Party shall issue the entry visa for nationals of the other Contracting Party, to enable them to explore the investment conditions, provided that it considers necessary.

4 Each Contracting Party shall issue the multiple entry visa, valid for one year, investors, as well as the directors and personal technical investment that is of particular interest and economic benefit.

Article III.

1 Each Contracting Party shall encourage and establish favourable conditions for nationals and companies of the other contracting party invest capital within its territory, under the condition that they exercise their right conferred by laws in force at the date of entry into force of this Convention

2 The investments made by nationals or companies of either Contracting Party shall receive at all times fair and equal treatment and full protection and security in the territory of the other Contracting Party. Neither Contracting Party shall in no way prejudice, with unreasonable or discriminatory regulations the maintenance, use, enjoyment or disposal of investments in its territory of nationals or companies of the other contracting party. Each Contracting Party shall comply with any obligation it has assumed with regard to investments of nationals or companies of the other contracting party.

3 Neither Contracting Party shall subject in its territory the returns from the investments of nationals or companies of the other Contracting Party to treatment less favourable than that it accords to returns of investments from its own nationals or companies or returns to investment or of nationals or companies of any third State.

Article IV.

The Governments of the two Contracting Parties agree that either party may grant investment guarantees that have been approved by the Government of the other contracting party and to be adjusted to the provisions of this Agreement and the current legislation of the other Contracting Party. In case any of the specific risks referred in this Agreement occurred the Government of the Contracting Party to which it belongs the investor after compensate the investor for the damages suffered, may subrogate in all its rights. obligations and to assert rights and claims that correspond to the same. In consequence, the Government of the Contracting Party to which the investor belongs shall notify the other Contracting Party the transfer of any right, title or interest in the property of capital, apart from real property, money or other property rights, as well as any other administrative or judicial claim on the rights mentioned, provided that the investor has complied with all its obligations.

Article V.

It is essential to invoke the guarantees provided for in this Convention, that investments, reinvestment and imported inputs accepted as such in the records of public entities of the host contracting party of the investment. The assets of a Contracting Party that are incorporated into the other Contracting Party shall keep the privileges provided for under this Convention, taking into account the repayment or depreciation in accounting.

Article VI.

1. Any dispute concerning investments under this agreement between one Contracting Party and an investor of the other Contracting Party shall as far as possible, amicably resolved through consultations.
2. If the dispute has not been settled within the term of six months from the date on which it was raised by one or other of the Contracting Parties shall be submitted, at the request of the investor:

To the national jurisdiction of the Contracting Party involved in the controversy

To international arbitration. Once an investor had submitted the dispute to the jurisdiction of the Contracting Party concerned or to international arbitration, the choice of either will be definitive

3. In case of international arbitration and at the request of the investor, each party shall appoint an arbitrator within a period of two months counted from the date of receipt of the notification by the other party. Thereafter, the two already appointed arbitrators shall appoint a national of a third country as Chairman of the arbitration. The appointment of the President of the arbitration shall be made within a period of two months has been appointed the arbitros of both parties. The arbitration shall be taken by a majority of votes. The decision shall be final and binding for both parties.

Article VII.

Compensation for specific risks occurring and set out in this Agreement that the Government of a Contracting Party may request to the Government of the other Contracting Party shall be carried out within the following categories:

1. No convertibility.

In the event of the situation referred to in Article I, paragraph 4, point 4.1, investors of either contracting party, invoking the convertibility guaranty shall exhaust legal remedies in force in the other contracting party to achieve the convertibility. In the event of failure to do so within the stipulated period may transfer the sums in possessing currencies from the Contracting Party accepting the investment subject to no convertibility, to the account of the Government of the Contracting Party in which the investor open Contracting Party to the recipient of the Investment, which could request to the Government of Contracting Party to which the investor belongs the compensation for the damages occurred if any. In such case, the Government of the Contracting Party to which it belongs the investor could manage before the Government of the Contracting Party which is recipient of the investment, the conversion to the original currency of the original investment of the contracting party receiving the investment affected.

2. Expropriation.

A) The investments of nationals or companies of one of the Contracting Parties in the territory of the other Contracting Party shall not be nationalised, expropriated or subjected to measures that its effects are equivalent to expropriation or nationalisation except for reasons of public purpose or social interest related to the internal needs of that Contracting Party and against compensation. Such compensation shall respond to the market value of the investment immediately before the expropriation or any public expropriation becomes imminent either would be the case, and shall include at a normal commercial interest rate or pursuant to a legal, any applicable in the territory of the Contracting Party that made the expropriation until the date of payment. The payment shall be effectively realizable and freely transferable.

The national or company affected shall have the right to provide timely, by legal procedure, in the territory of the Contracting Party that made the expropriation, the legality of the expropriation and the amount of compensation in accordance with the principles set out in this paragraph.

B) In the event that a contracting party expropriate the assets of a company which is incorporated or constituted under the laws in force in any part of its own territory, and in which nationals or companies of the other contracting party have shares, it shall ensure the satisfaction of the provisions set out in paragraph 2 (a) of this article, in relation to ensure the adequate and effective compensation in respect to the investment of capital of the nationals or companies of the other Contracting Party who own those actions.

3. War, revolution and insurrection

If the investors from one Contracting Party suffer damages as a consequence of war, revolutions or insurrections in the other Contracting Party, such investors shall be granted a treatment, to regard to any restitution, indemnification, compensation or other settlement, no less favourable than the treatment granted under the present or future by the Government of the host contracting party of the Investment, to their own nationals or companies or to nationals or companies of third State.

Article VIII.

The amount of compensation shall be fixed at the moment of the expropriation or nationalisation and shall be delivered to the beneficiary - compensated attesting to ownership of the asset, who shall have the right of free transfer such amount in freely convertible currency.

Article IX.

This Agreement shall enter into force from the date on which the Contracting Parties shall communicate through diplomatic channels, have complied with legal formalities. The Agreement shall be for a period of ten years. After that period the agreement shall be automatically extended for periods of two years unless one of the Contracting Parties notifies the other of its intention to terminate, notification shall be effected vlnates the expiry of the six-month period.

This agreement has been held in four copies in Spanish and two in Chinese, both texts being equally authentic, done in the city of Taipei, six days of April 1992 which corresponds to the six days of the fourth month of the year 81 of the Chinese republic

For the Government of the Republic of Paraguay

Alexis Frutos Vaesken

And

For the Government of the Republic of China

Fredrick F. Chien