AGREEMENT BETWEEN THE FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA AND THE KINGDOM OF SPAIN ON THE PROMOTION AND RECIPROCAL PROTECTION OF INVESTMENTS

The Federal Democratic Republic of Ethiopia and the Kingdom of Spain, herein after referred to as "the Contracting Parties".

Desiring to intensify economic co-operation for the mutual benefit of both States;

Intending to create favorable conditions for investments made by investors of each Contracting Party in the territory of the other Contracting Party;

And

Recognizing that the promotion and protection of investments under the agreement will stimulate initiatives in this field;

Have Agreed as follows:

Article 1. Definitions

For the purpose of this Agreement:

1. The term "Investment" means every kind of asset invested by investors of one Contracting Party in the territory of the other Contracting Party in accordance with the laws and regulations of the latter Contracting Party and in particular, though not exclusively, includes: a) Movable and immovable property and any other property rights such as mortgages , liens, pledges and similar rights;

b) Shares in and stocks and debentures of a company or any other form of participation in a company of business enterprise;

c) Claims to money or to any performance under contact having economic value and associated with in investment;

d) Intellectual and industrial property rights, technical processes, know-how and goodwill;

e) Right to undertake economic and commercial activities conferred by law or under contract, including concessions to search for cultivate, extract or exploit natural resources.

Investments made in the territory of one Contracting Party by any company of that same Contracting Party which is actually owned or controlled by investors of the other Contracting Party shall likewise be considered as investments of investors of the latter Contracting Party if they have been made in accordance with the laws and regulations of the former Contracting Party.

Any alternation of the form in which assets are invested or reinvested shall not affect their character as investments.

2. The term "Investor" means any national or any company of either Contacting Party who makes investments in the territory of the other Contracting Party: a) The term "National" means physical persons who, according to the law of that Contracting Party, are considered to be its nationals.

b) The term "Company" means juridical persons or any other legal entity constituted or otherwise duly organized under the applicable law of that Contracting Party and having its seat in the territory of that same Contracting Party such as corporations, partnerships, or business associations.

3. The term "Returns" means the amounts yielded by an investment and includes, in particular although not exclusively , profit ,dividends, interest, capital gains, royalties and fees.

4. The term "Territory" means: i. In respect of the Kingdom of Spain: its land territory, internal waters, the territorial sea, and

the air space above it, as well as any area beyond the territorial sea over which it exercises sovereign rights or jurisdiction in accordance with its domestic legislation and international law.

ii. In respect of the Federal Democratic Republic of Ethiopia: its territory and the air space above it on which it exercises sovereign rights or jurisdiction in accordance with its legislation and international law.

Article 2. Promotion and Admission of Investments

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

2. When a Contracting Party has admitted an investment in its territory, it shall, subject to its laws and regulations, grant the necessary permits required in connection with such an investment.

3. Each Contracting Party shall, subject to its laws and regulations relating to the entry and sojourn of aliens, permit natural persons who are employed from abroad as executives, managers, specialists or technical personnel by investors of the other Contracting Party to enter and stay in its territory for the purpose of carrying activities associated with investments, immediate family members of such personnel shall also be granted a similar treatment with regard the entry and temporary stay in the territory of the host Contracting Party.

Article 3. Protection

1. Investments made by investors of one Contracting Party in the territory of the other Contracting Party shall be accorded fair and equitable treatment and shall enjoy full protection and security.

2. Neither Contracting Party shall in any way impair by unreasonable or discriminatory measure the management, maintenance, use, enjoyment or disposal of such investments. Each Contracting Party shall observe any obligation it may have entered into in writing with regard to investments of investors of the other Contracting Party.

Article 4. National Treatment and Most Favored Nation Treatment

1. Each Contracting Party shall accord, in its territory, to investments made by investors of the other Contracting Party treatment no less favorable than that which it accords, in like circumstances, to the investment made by its own investors or by investors of any third State, whichever is more favorable to the investor concerned.

2. Each Contracting Party shall accord, in its territory, to investors of the other Contracting Party as regards their management, maintenance, use enjoyment or disposal of their investments treatment no less favorable than that which it accords to its own investors or to investors of any third State, whichever is more favorable to the investor concerned.

3. The treatment granted under paragraph 1 and 2 of this Article shall not be construed so as to oblige one Contracting Party to extend to the investors of the other Contracting Party and their investments the benefit of any treatment, preference or privilege resulting from:

a) Its membership of or association with any existing of future free trade area, customs, economic or monetary union or other similar international agreements including other form of regional economic organization, or

b) Any international agreement or arrangement relating wholly or mainly to taxation or any domestic legislation relating wholly or mainly to taxation.

4. For greater certainty, the Contracting Parties consider that provision of this Article shall be without prejudice to the right of either Contracting Party to apply a different tax treatment to different taxpayers with regard to their tax residence.

Article 5. Expropriation

1. Investments of investors of either Contracting Party in the territory of the other Contracting Party shall not be nationalized, expropriated or subjected to measures having equivalent effect to nationalization or expropriation (hereinafter referred to as "expropriation") except for public interest, in accordance with due process of law, on a non-discriminatory basis and against the payment of prompt, adequate and effective compensation.

2. Such compensation shall amount to the market value of the expropriated investment immediately before the expropriation or before the impending expropriation became publicly known, whichever is earlier (hereinafter referred to as the "valuation date").

3. Such market value shall be expressed in a freely convertible currency at the market rate of exchange prevailing for that currency on the valuation date compensation shall include interest at a commercial rate established on a market basis for the currency of valuation from the date of expropriation until the date of payment. Compensation shall be paid without delay, be effectively realizable and freely transferable.

4. The investor affected shall have the right, under the law of the Contracting party making the expropriation, to prompt review, by a judicial authority or other component and independent authority of that contracting party, of its case, including the valuation of its investment and the payment of compensation, in accordance with the principles set out in this Article.

5. Where a Contracting Party expropriates the assets of a company which is incorporated or constituted under the law in force in any part of its own territory, and in which investors of the other Contracting Party own shares, it shall ensure that the provisions of this Article are applied so as to guarantee prompt, adequate and effective compensation in respect of their investments to such investors of the other Contracting Party who are owners of those shares.

Article 6. 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 to other armed conflict, state of national emergency, revolution, insurrection, civil disturbance or any other similar event, shall be accorded by the latter Contracting Party, as regards restitution, indemnification, compensation or other settlement, treatment no less favorable than that which the later Contracting Party accords to its own investors or to investors of any third State whichever is more favorable to the investor concerned. Resulting payments shall be freely transferable.

2. Notwithstanding paragraph (1) of this Article, an investor of one Contracting Party, who in any of the situations referred to in that paragraph, suffers a loss in the territory of the other Contracting Party resulting from:

a) Requisitioning of its investment or part thereof by the latter's forces or authorities ; or

b) Destruction of its investment or part thereof by the latter's forces or authorities, which was not requested by the necessity of the situation,

Shall be accorded by the latter contracting party restitution or compensation which in either case shall be prompt, adequate and effective resulting payments shall be making without delay and be freely transferable.

Article 7. Transfers

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

a) The initial capital and additional amounts to maintain or increase the investment;

b) Investment returns, as defined in Article 1;

c) Funds in repayment of loans related to an investment;

d) Compensations provided for under Articles 5 & 6;

e) Proceeds from the total or partial sale or liquidation of an investment;

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

g) Payments arising out of the settlement of a dispute.

2. Transfers under the present Agreement shall be made without delay in a freely convertible currency at the market rate of exchange applicable on the date of transfer.

Article 8. Application of other Provisions

1. If the legislation of either Contracting Party or obligations under international law existing at present or established hereafter between the Contracting Parties in addition to this Agreement contain a regulation, whether general or specific, entitling investments by investors of the other Contracting Party to a treatment more favorable than that provided for by this Agreement, such regulation shall, to the extent that it is more favorable, prevail over this Agreement.

2. More favorable 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.

3. Nothing in this Agreement shall affect the provisions established by international agreements relating to intellectual and industrial property rights in force at the date of its signature.

Article 9. Subrogation

If one Contracting Party or its designated Agency makes a payment under an indemnity, guarantee or contract of insurance against non-commercial risks covered by this Agreement in respect of an investment made by any of its investors in the territory of the other Contracting Party, the latter Contracting Party shall recognize the assignment of any right or claim of such investor to the former Contracting Party or its designated agency and the right of the former Contracting Party or its designated agency to exercise, by virtue of subrogation, any such right and claim to the same extent as its predecessor in title. This subrogation will make it possible for the former Contracting Party or its designated agency to be the direct beneficiary of any payment for indemnification or other compensation to which the investor could be entitled.

Article 10. Settlement of Disputes between the Contracting Parties

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

2. If it were not possible to settle the dispute in this way within six months from the start of the negotiations, it shall be submitted, at the request of either Contracting Party, to an Arbitral Tribunal.

3. The Arbitral Tribunal shall be, constituted for each individual case in the following way: within two months of the receipt of the request for arbitration, each Contracting Party shall appoint one member of the Tribunal. Those two members shall then select a national of a third State who on approval by the two Contracting Parties shall be appointed Chairman of the Tribunal, the Chairman shall be appointed within three months from the date of appointment of the other two members.

4. If within the periods specified in paragraph (3) of this Article the necessary appointments have not been made, either Contracting Party may, in the absence of any other agreement, involve the President of the International Court of Justice to make the necessary appointments. If the President is a national of either Contracting Party or if he is otherwise prevented from discharging the said function, the Vice-President shall be invited to make the necessary appointments. If the Vice-President is a national of either Contracting Party or if he too is prevented from discharging the said function, the member of the International Court of Justice next in seniority who is not a national of either Contracting Party shall be invited to make the necessary appointments.

5. The Arbitral Tribunal shall issue its decision on the basis of the provisions contained in this Agreement as well as the generally accepted principles of international law.

6. Unless the Contracting Parties decide otherwise, the Arbitral Tribunal shall lay down its own procedure.

7. The Arbitral Tribunal shall reach its decision by a majority of votes and that decision shall be final and binding on both Contracting Parties.

8. Each Contracting Party shall bear the expenses of its own arbitrator and those connected with representing it in the arbitration proceedings. The other expenses, including those of the Chairman shall be borne in equal parts by the two Contracting Parties.

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

1. Disputes between an investor of one Contacting Party and the other Contracting Party concerning an obligation of the latter under this Agreements with regards to an investments of that investor, shall be notified in writing by the investor to the latter Contracting Party. As far as possible, the parties concerned shall endeavor to settle their disputes amicably through negotiations.

2. If the disputes referred to in paragraph (1) of this Article cannot be thus settled amicably within six months from the date of the written notification, the investor shall be entitled to submit, at his choice, for resolution to:

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

b) An ad hoc tribunal of arbitration established under the Arbitration Rules of the United Nations Commission on

International Trade law (UNCITRAL); or a. The International Center for Settlement of Investment Disputes (ICSID) set up by the "Convention on Settlement of Investment Disputes between States and Nationals of other States", opened for signature at Washington on 18th March 1965, in case both Contracting Parties become members of this Convention. If a Contracting Party which is party in the dispute has not become a contracting State of the Convention mentioned above, the dispute shall be dealt with pursuant to the Rules of the Additional Facility for the Administration of Conciliation, Arbitration and Fact-Finding proceeding of the ICSID.

3. The arbitration shall be based on the provisions of this agreement, the national law of the contracting party in whose territory the investment was jade and the rules and generally accepted principles of international law as may be applicable.

4. A contracting party shall not assert as a defense that indemnification or other compensation for all or part of the alleged damages had been received or will be received by the investor pursuant to a guarantee or insurance contract.

5. The arbitration decisions shall be final and binding on the parties in the dispute, each contracting party undertakes to execute the decisions in accordance with its national law.

Article 12. Scoope of Application

This Agreement shall be applicable to investments made before or after its entry into force by investors of either contracting party in the territory of the other contracting party, it shall, however, not apply to claims arising out of events which occurred, or to claims which had been settled, prior to its entry into force.

Article 13. Entry Into Force, Duration and Termination

1. The Contracting Parties shall notify each other that their respective constitutional requirements for the entry into force of this Agreement have been fulfilled. The Agreement shall ether into force on the thirtieth day following the date of receipt of the last notification.

2. This Agreement shall remain in force for an initial period of then years. After the expiration of the initial period of ten years, it shall continue in force indefinitely unless either Contracting Party notifies the other Contracting Party in writing of its decisions to terminate this Agreement. The notice of termination shall become effective one year after the date of that notification.

3. In respect of investments made prior to the date of termination of this Agreement, the provisions of Articles 2 to12 shall remain in force for a further period of ten years from the date of termination of this Agreement

IN WITNESS WHEREOF, the respective plenipotentiaries have signed this Agreement.

DONE in duplicate at Madrid this 17th day of March, 2009 in the English and Spanish languages, both texts being equally authentic.

FOR THE FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA SEYOUM MESFINMINISTER OF FOREIGN AFFAIRS

FOR THE KINGDOM OF SPAIN

MIGUEL AMGEL MORATINOSCUYAUBE