AGREEMENT BETWEEN THE ARGENTINE REPUBLIC AND THE ITALIAN REPUBLIC ON INVESTMENT PROMOTION AND PROTECTION

The Government of the Argentine Republic and the Government of the Italian Republic, hereinafter referred to as the Contracting Parties,

Desiring to create favourable conditions for greater cooperation between the two countries and in particular for investments by investors of one Contracting Party in the territory of the other party; and

Whereas the only way to establish and maintain an appropriate international flow of capital is through the maintenance of a good climate for investment in accordance with the laws of the host country;

Recognizing that the conclusion of an agreement for the reciprocal promotion and protection of such investments will stimulate business initiatives to promote the prosperity of both contracting parties.

Have agreed as follows:

Article 1. Definitions

For the purposes of this Agreement:

1. the term "investment" means, in accordance with the laws of the host country and regardless of the chosen legal form or any other legal order, attachment or reinvested any input or invested by natural or legal persons of one Contracting Party in the territory of the other party, in accordance with the laws and regulations of the latter.

In this context, they are considered as investments in particular, though not exclusively:

a) Movable and immovable property as well as any other rights in rem - including, as are available for investment - security rights in the property of third parties;

b) stocks, company shares and any other form of participation, even if minority or indirect, in companies incorporated in the territory of one of the Contracting Parties;

c) Obligations, private or public securities or any other right to benefits or services having an economic value, as well as the profits capitalized;

d) Loans directly related to an investment, regularly contracted and documented according to the rules in force in the country where the investment is made;

e) Copyrights, industrial and intellectual property rights, such as patents, licences; trademarks; secrets models and industrial designs - as well as technical processes, transfers of know-how, registered names and goodwill;

f) Economic any right conferred by law or under any contract or concession and licences under the existing provisions regulating these economic activities, including the prospecting, cultivate, extract and exploit natural resources.

2. The term "investor" includes any natural or legal person of one Contracting Party who has effected or assume the obligation to investments in the territory of the other contracting party.

- "natural person" means with regard to either Contracting Party to any natural person having the citizenship of that State in accordance with its laws.

- "legal person" means, in relation to each of the Contracting Parties, any entity constituted in accordance with the legislation of one Contracting Party in the territory of that Party and by the latter recognized, such as public entities involved in economic activity, corporations or associations, foundations and irrespective of whether their liabilities are limited or not.

- For the purposes of this Agreement, the legal acts and capacity of each legal person in the territory of the Contracting Party receiving an investment shall be governed by the legislation of the latter.

3. The term "income" shall be taken to mean the sums derived or to be derived from an investment, including in particular profits or shares in profits, interest derived from investments, investment income, dividends, royalties, fees for technical assistance and services and other entitlements, including reinvested income and capital increases.

4. The term "territory" shall include, in addition to areas within land and sea boundaries, also maritime areas. The latter shall include marine and submarine areas, over which the Contracting Parties have sovereignty, sovereign rights or exercise jurisdiction in accordance with their respective legislation and international law.

Article 2. Promotion and Protection of Investments

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

2. Each Contracting Party shall agree provided a fair and equitable treatment to investments of investors of the other. each Contracting Party shall refrain from adopting unreasonable or discriminatory measures the management, maintenance, enjoyment, processing, cessation and the liquidation of investments made in its territory by investors of the other contracting party.

Article 3. National Treatment and Most-favoured-nation Clause

1. Each Contracting Party in its territory shall accord to investments by investors of the other Contracting Party, profits and activities associated with those and all other matters covered by this Agreement, treatment no less favourable than that accorded to its own investors or to investors of third countries.

2. The provisions of paragraph 1 of this Article shall not apply to privileges and advantages which either Contracting Party accords to third countries or recognised by virtue of its participation in economic, a customs union or common market, free trade areas or as a result of regional or subregional agreements, multilateral economic agreements or international agreements to avoid double taxation or other tax arrangements or agreements for facilitating trade frontier.

Article 4. Damages

In the event that the investors of one Contracting Party whose investments suffer losses in the territory of the other party owing to war or other armed conflicts, state of emergency or other similar events political-economic, the Contracting Party in whose territory the investment has been made regarding compensation shall be accorded treatment no less favourable than that accorded to its own nationals or juridical persons to investors or of any third State.

Article 5. Nationalisation or Expropriation

1. (a) Each Contracting Party undertakes not to adopt measures restricting, for a fixed or indefinite period of time, the rights of ownership, possession, control and enjoyment inherent to investments made by investors of the other Contracting Party, unless specific provisions of laws, rulings and decisions issued by the competent courts and other non-discriminatory provisions of a general nature intended to govern economic activities.

(b) Investments of investors of a Contracting Party shall not be expropriated, nationalised, directly or indirectly, seized or subjected to measures having equivalent effects in the territory of the other party, unless the following conditions are met:

- Measures to meet requirements of public interest, or national security interest.

- which are taken under due process of law;

- They are neither discriminatory nor contrary to a commitment;

- they are accompanied by provisions for the payment of adequate compensation, effective and without delay.

(c) The compensation will be equivalent to the actual market value of the investment immediately before the moment when the decisions of nationalization or expropriation have been announced or made public and will be determined on the basis of internationally accepted technical parameters. If a market value cannot be promptly ascertained, the compensation will be determined on the basis of a fair evaluation of the constituent and distinctive elements of the company as well as the components and results of the related entrepreneurial activities. The compensation will include interest accrued at the date

of payment, calculated at normal and commercial interest rates. In the absence of an agreement between the investor and the Contracting Party which has taken the measure, the amount of compensation shall be determined in accordance with the dispute settlement procedures set out in Article 8 of this Agreement. The compensation, once determined, shall be promptly paid in the currency in which the investment was made or in a freely convertible currency accepted by the investor and the repatriation shall be authorised.

2. The provisions contained in paragraph 1 of this article shall also apply to the proceeds of an investment, and, in the event of liquidation, to the proceeds from the latter.

Article 6. Transfers and Repatriation of Profits , Salaries and Allowances

1. Each Contracting Party shall accord to investors of all the other after payment of their tax obligations and in accordance with the respective banking regulations, the free transfer abroad in the currency in which the investment was made or in any other convertible currency, without undue delay at the rate of exchange applicable on the date of transfer of:

(a) Capital contributions of capital and additional capital increases used for the maintenance or development of the investments;

(b) Income, as defined in paragraph 3 of article 1 of this Agreement;

(c) The amounts derived from the realisation of assets or the total or partial sale or liquidation of the investment, including possible increment value and the initial capital invested;

(d) The amounts required for the repayment of loans genuinely undertaken directly linked to investment and the corresponding interests;

(e) Remuneration and compensation received by citizens of the other Contracting Party in respect of unit from work or services supplied in connection with investments made in its territory according to the modalities provided for by the laws and regulations in force, as well as compensation for assistance and technical services.

(f) The compensation paid pursuant to articles 4 and 5 of this Agreement;

2. The free transfer shall take place in accordance with the procedures established by each contracting party and in any case within six months of the request. the contracting parties may not refuse, suspend or indefinitely denatured that right.

3. Each contracting party retains the right, in case of exceptional difficulties balance of payments, establish limitations on transfers in an equitable and non-discriminatory manner and in accordance with their international obligations. such limitations may not exceed, for each session, an investor and 36 months, and shall include the ability of the investor to obtain a phased transfer in several parts for a period of not more than eighteen (18) months.

4. Without prejudice to paragraph 3 above, each Contracting Party shall accord at all times to investments of investors of the other party the free transfer of dividends actually delivered with foreign exchange earnings from exports.

Article 7. Subrogation

Where one Contracting Party or its Institution has granted insurance cover against non-commercial risks for investments made by one of its investors in the territory of the other and has made payments under the cover granted, that Contracting Party or its Institution shall be subrogated by right to the same credit position as the insured investor. For payments and transfers to be made to the Contracting Party or its Institution under such subrogation, Articles 4, 5 and 6 of this Agreement shall apply respectively.

Article 8. Settlement of Disputes between Investors and a Contracting Party

1. Any dispute concerning an investment which may arise between an investor of one Contracting Party and the other party with respect to matters governed by this Agreement shall, as far as possible, be settled amicably through consultations between the parties to the dispute.

2. If these consultations do not provide a solution, the dispute may be referred to the competent judicial or administrative jurisdiction of the Contracting Party in whose territory the investment is located.

3. If a dispute still persisted between a Contracting Party and investors, after a period of 18 months from the notification of commencement of proceedings before national courts referred to in paragraph 2, the dispute may be submitted to international arbitration.

To this end, and in accordance with the terms of this agreement, each contracting party hereby gives its advance and irrevocable consent to a dispute may be submitted to arbitration.

4. From the date of initiation of arbitration, each Party to the dispute shall take all necessary measures to discontinue the judicial authority.

5. In the event of recourse to international arbitration, the dispute shall be submitted, at the choice of the investor, to one of the arbitration bodies designated below:

a) The International Centre for Settlement of Investment Disputes 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, when each State Party to this Agreement has acceded to it. as long as this requirement is not fulfilled, each Contracting Party consents that the dispute be submitted to arbitration under the Additional Facility Rules of conciliation or arbitration by the International Centre for Settlement of Investment Disputes.

b) An "ad hoc" arbitral tribunal established for each case. the arbitration shall be conducted in accordance with the Arbitration Rules of the United Nations Commission on International Trade Law (UNCITRAL) referred to in the resolution of the General Assembly of the United Nations N 31 / 98 of 15 December 1976. the arbitrators shall be three. if they are not nationals of the Contracting Parties, shall be a national of a State having diplomatic relations with them.

6. Neither Contracting Party which is a party to a dispute may pose, at any stage of the arbitration proceedings or of the execution of an arbitral award, exceptions based on the fact that the investor, opposing party in the dispute has received compensation to cover all or part of its losses pursuant to an insurance policy or to the guarantee provided for in article 7 of this Agreement.

7. The arbitral tribunal shall decide on the basis of the law of the Contracting Party party to the dispute including its rules on the Conflict of power, the provisions of this Agreement, the terms of any specific agreement concluded in relation to the investment as well as the Principles of International Law.

8. The arbitral awards 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 and according to the relevant international conventions in force for both contracting parties.

9. The Contracting Parties shall seek, through diplomatic channels, arguments relating to arbitration or judicial proceedings already in place until the relevant procedures have been completed, unless the parties to the dispute have not complied with the award of the arbitral tribunal or the judgment of the Court, according to the terms set out in compliance with the award or judgment.

Article 9. Settlement of Disputes between Contracting Parties

1. Disputes between the contracting parties concerning the interpretation and application of this agreement should, if possible, be settled amicably through consultations between the Parties through diplomatic channels, including the use of specific bilateral committees already established between both parties.

2. If such disputes cannot be settled within six months following the date on which either contracting party notifies in writing the other, they shall, at the request of a party to an ad hoc arbitral tribunal in accordance with the provisions of this article.

3. The arbitral tribunal shall be constituted in the following manner: within two months of the receipt of the request for arbitration, each party shall appoint one member of the Tribunal. those two members shall then select a national of a third State who shall be the Chairman. the Chairman shall be appointed within two months from the date of appointment of the other two members.

4. If the periods specified in paragraph 3 above shall not be observed, and in the absence of any other agreement, each Party may invite the President of the International Court of Justice to make the necessary appointments. If the President is a national of a party or is otherwise prevented, shall be made by the Vice-President of the Court to make the appointments. If the Vice-President is also a national of either party or if he is also prevented, the member of the Court next in order of precedence and is not a national of one of the Parties, to make the appointments.

5. The arbitral tribunal shall reach its decisions by a majority of votes. such decisions shall be binding. each Party shall bear the costs incurred in the exercise of its arbitrator, as well as the costs for its representation in the arbitral proceedings; the cost of the Chairman and the remaining costs shall be borne in equal parts by the two parties. the arbitral tribunal shall determine its own procedure.

Article 10. Implementation of other Rules

1. In the event that a matter is governed by this Agreement and by another international agreement to which both contracting parties, or by general international law, shall apply to the same Contracting Party and its investors standards which are more favourable to his case.

2. In the event that either Contracting Party in accordance with laws, regulations, rules or specific contracts, taken to investors of the other contracting party standards more advantageous than those provided for by the present Agreement, be agreed at the same treatment is more favourable.

3. The provisions of paragraphs 3 and 4 of Article 6 of this Agreement shall not apply to investments made in the framework of the Treaty signed at Rome on 10 December 1987 establishing the particular partnership between the contracting parties.

Article 11. Investments Made Before the Date of Entry Into Force

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 party and registered by the latter as foreign investment in accordance with its laws.

In any case shall not apply to disputes already undertaken or resolved prior to its Entry into Force and outstanding claims or arising before that date.

Article 12. Entry Into Force

This Agreement shall enter into force on the date of the last notification by which the Contracting Parties shall communicate have fulfilled their respective constitutional requirements.

Article 13. Duration and Termination

1. This Agreement shall remain in force for a period of ten years from the date of notification procedures of ART. 12 and shall be tacitly renewed for further periods of five years unless one of the Parties denounces it in writing one year before the date of each of their respective maturity.

2. In respect of investments made prior to the date of termination of this article, the provisions of articles 1 to 12 shall continue in force for five years from the date mentioned above.

Done in duplicate in Buenos Aires on the twenty-two day of May in the year one thousand nine hundred and ninety, in two original copies in Spanish and in Italian, both texts being equally authentic.

FOR THE GOVERNMENT OF THE ARGENTINE REPUBLIC

FOR THE GOVERNMENT OF THE ITALIAN REPUBLIC

Additional protocol to the agreement between the argentine republic and the italian republic on the promotion and protection of investments

Upon signing the Agreement between the Argentine Republic and the Italian Republic on the Promotion and Protection of Investments, the following clauses were also agreed upon, to be considered an integral part of the Agreement:

1. With Reference to Article 1:

a) The Agreement shall not apply to natural persons of each Contracting Party who, at the time of making an investment, have maintained their domicile for more than two years in the Contracting Party in whose territory the investment was made.

If an individual of a Contracting Party simultaneously maintains his or her residence in his or her own country and domicile for more than two years in the other, he or she shall be treated for the purposes of this Agreement as an individual of the

Contracting Party in whose territory the investment was made.

b) The domicile of an investor shall be determined in accordance with the laws, regulations and provisions of the Contracting Party in whose territory the investment is made.

2. With Reference to Article 3:

a) Each Contracting Party shall regulate, in accordance with its laws and regulations and as favourably as possible, problems relating to the entry, stay, work and travel in its territory of nationals of the other Contracting Party and their family members carrying out activities related to investments under this Agreement.

b) Articles 3 and 10(1) of this Agreement shall be interpreted as meaning that the principles of most-favoured-nation treatment and the application of the most favourable legislation do not extend to the special privileges reserved by one of the Contracting Parties to foreign investors for investments made under a credit facility provided for in bilateral agreements, concluded between the aforementioned Party and the country to which the investors themselves belong, such as the Treaty signed in Rome on 10 December 1987 and establishing a Special Associative Relationship between the Argentine Republic and the Italian Republic and the General Treaty of Cooperation and Friendship signed in Madrid on 3 June 1988 between the Argentine Republic and the Kingdom of Spain.

Done in duplicate in Buenos Aires on the twenty-two day of May in the year one thousand nine hundred and ninety, in two original copies in Spanish and in Italian, both texts being equally authentic.

FOR THE GOVERNMENT OF THE ARGENTINE REPUBLIC

FOR THE GOVERNMENT OF THE ITALIAN REPUBLIC