AGREEMENT ON THE RECIPROCAL PROMOTION AND PROTECTION OF INVESTMENTS

The Government of the Eastern Republic of Uruguay and the Government of the Portuguese Republic, hereinafter referred to as the contracting parties:

Intended to intensify economic cooperation between the two States;

With the aim of stimulating and the creation of favourable conditions for investment by investors of one Contracting Party in the territory of the other Contracting Party on the basis of equality and mutual benefit;

Recognizing that the reciprocal promotion and protection of investments, in accordance with international law, will encourage the transfer of capital and technology between the two countries, in the interest of economic development;

Have agreed as follows:

Article 1. Definitions

For the purposes of this Agreement:

1. the term investment shall comprise every kind of assets or rights invested by investors of one Contracting Party in the territory of the other contracting party, including, in particular, though not exclusively:

a) Movable and immovable property as well as any other rights in rem, such as mortgages and pledges;

b) Actions, quotas or other parties representing the social capital of companies or any other form of participation and economic interests or arising from the relevant activity;

c) Claims or any other obligation with economic value;

d) Intellectual Property Rights, such as copyrights, patents, industrial designs, trademarks, trade names, business and industrial secrets and know-how, technical processes, key value;

e) Concessions conferred by law or contract or administrative act by a competent State authority, including concessions for research, prospecting and exploitation of natural resources.

Any alteration in the form of investments does not affect their character as investments provided that such alteration is made in accordance with the laws and regulations of the Contracting Party in whose territory investments have been made.

2. the term "income" shall mean the amounts yielded by investments within a specified period, including, in particular, though not exclusively, interests, profits, dividends, royalties or other income related to investments, including payments of technical assistance or management. in the event that the investment income as defined above are to be reinvested annuities resulting from this reinvestment shall be treated as revenue of the initial investment.

3. the term "investors' means:

a) Nationality of natural persons with either of the Contracting Parties in accordance with their respective legislation. in case of dual nationality, each Contracting Party shall apply to the investor and its investments made in the respective Territory its own domestic legislation;

b) Legal persons constituted in accordance with the laws and regulations of one Contracting Party and having its headquarters in the territory of that Contracting Party.

4. the term "territory" shall mean the territory of each of the Contracting Parties, as is defined in their respective laws, including the territorial sea and any other area over which the Contracting Party concerned exercises, in accordance with

international law, has sovereignty, sovereign rights and jurisdiction.

Article 2. Promotion and Protection of Investments

1. both Contracting Parties shall promote and encourage, as far as possible investments by investors of the other contracting party in its territory and admit such investments in accordance with its laws and regulations. in any case accord investments to fair and equitable treatment.

2. investments made by investors of either Contracting Party shall enjoy full protection and security in the territory of the other contracting party.

3. no Contracting Party shall the management, maintenance, use, enjoyment or disposal of investments in its territory by investors of the other Contracting Party by arbitrary or unjustified discriminatory measures.

Article 3. Treatment

1. investments made by investors of one Contracting Party in the territory of the other contracting party, as well as their respective revenues, shall be fair and equitable and not less favourable than that accorded by the latter contracting party to its own investors or to investors of third States.

2. each Contracting Party shall accord to investors of the other contracting party, as regards the management, maintenance, use, enjoyment or disposal of investments in its territory, a treatment which is fair and equitable and not less favourable than that accorded to its own investors or to investors of third States.

3. the provisions of this article does not involve the granting of treatment of preference or privilege of a Contracting Party to the investors of the other Contracting Party that may be granted under:

a) Participation in the free trade area, customs union or common market, to be created and other similar international agreements, including other forms of regional economic cooperation to which one of the contracting parties is a party or non-party; and

b) International agreements of fiscal nature.

Article 4. Expropriation

1. investments made by investors of one Contracting Party in the territory of the other Contracting Party shall not be expropriated, nationalised or subjected to any other measures having effect equivalent to expropriation or nationalization (hereinafter referred to as expropriation, unless the law so provides, for reasons of public interest; not discriminatory and prompt compensation.

2. the compensation shall correspond to the market value of the expropriated investment at the time immediately before the time when the decision for expropriation was officially published or made public by the competent authority. the compensation shall be paid without delay and shall include interest at the market rate for active operations until the date of payment and shall be prompt, adequate and effective freely transferable. appropriate measures shall be taken for the determination of value and payment of compensation by31 at the moment of the expropriation.

Article 5. Compensation for Losses

Investors of one of the Contracting Parties which are loss of investments in the territory of the other contracting party pursuant to war or other armed conflict, revolution, state of national emergency and other events by international law recognized as equivalent, shall not receive of that Contracting Party to treatment less favourable than that accorded to its own investors or to investors of third States, whichever is more favourable treatment, as regards other restitution, indemnification or compensation. compensation arising from this shall be transferable without delay in a freely convertible currency.

Article 6. Transfers

1. each Contracting Party shall guarantee to investors of the other Contracting Party the free transfer of payments related to investments, for example:

a) The capital and the additional costs necessary for the maintenance or extension of the investment;

b) Revenue as defined in paragraph 2 of article 1 of this Agreement;

c) The expenditure necessary for the service, reimbursements of loans and amortisation recognized by both contracting parties as investments;

d) The proceeds of the sale of or the partial or total liquidation of the investment;

e) Compensation and other payments made pursuant to articles 4 and 5 of this Agreement;

f) Any preliminary payment that has been carried out on behalf of the investor in accordance with article 7 of this Agreement;

g) The earnings of nationals of one Contracting Party who have obtained authorization to work in connection with an investment.

2. the transfers referred to in this article shall be made without delay in freely convertible currency at the rate of exchange applicable on the date of transfer.

Article 7. Subrogation

If a Contracting Party or an agency designated by it to make payment to one of its investors under a guarantee provided to an investment made in the territory of the other Contracting Party, shall be by that act subrogada in rights and the actions of that investor may exercise those rights in the same terms and conditions as the original owner.

Article 8. Disputes between the Contracting Parties

1. any dispute arising between the contracting parties concerning the interpretation or application of this Agreement shall, as far as possible, be settled by negotiations through diplomatic channels.

2. if the contracting parties cannot reach an agreement within six months after the beginning of negotiations, the dispute shall be submitted to an arbitral tribunal, at the request of either of the Contracting Parties.

3. the arbitral tribunal shall be constituted ad hoc as follows: each Contracting Party shall appoint one member and two members shall nominate a national of a third State as their chairman to be appointed by the two contracting parties.

The members shall be appointed within two months and the Chairman within three months from the date one Contracting Party has informed the other of its wish to submit the dispute to an arbitral tribunal.

4. if the periods specified in paragraph 3 of this article are not respected, either Contracting Party may, in the absence of any other agreement, request the President of the International Court of Justice to conclude nominations. if the President is prevented or is a national of one of the Contracting Parties, nominations shall be made by the Vice-President. if he is also prevented or is a national of one of the Contracting Parties, nominations shall be made by the member of the Court who is still in hierarchy, provided that there is a national of one of the Contracting Parties.

5. the Chairman of the arbitral tribunal shall be a national of a State with which both contracting parties maintain diplomatic relations.

6. the arbitral tribunal shall be decided by majority vote. the decisions shall be final and binding on both contracting parties. each Contracting Party shall bear the cost of its own arbitrator and its representation in the proceedings before the arbitral tribunal. both Contracting Parties shall assume an equal share of the cost of the Chairman and the remaining costs. the arbitral tribunal may make a different regulation concerning costs. the arbitral tribunal shall determine its own rules of procedure.

Article 9. Disputes between a Contracting Party and an Investor of the other Contracting Party

1. any dispute regarding the provisions of this agreement between an investor of one Contracting Party and the Contracting Party in whose territory the investment was made shall, as far as possible, be settled through amicable consultations.

2. if the dispute cannot be settled within six months from the date on which the event a party, shall be subjected to any of the following procedures, at the request of the investor:

I) The competent courts of the Contracting Party in whose territory the investment was made; or

II) To international arbitration in accordance with paragraph 4 of this article.

3. where an investor may choose to submit the dispute to one of the procedures provided for in paragraph 2 of this article, the choice shall be final.

4. in the event of recourse to international arbitration, the dispute may, at the choice of the investor, be submitted:

a) The International Centre International Centre for Settlement of Investment Disputes (ICSID), established by the Convention on the Settlement of Investment Disputes between States and Nationals of Other States done at Washington D. C. on 18 March 1965, in the event both contracting parties have adhered to the said Convention. in the event that this condition has not been fulfilled, each Contracting Party consents that the dispute be submitted to arbitration under the ICSID Additional Facility Rules for the administration of these procedures;

b) To an ad hoc arbitral tribunal established under the Arbitration Rules of the United Nations Commission on International Trade Law (CNUDCI).

5. the arbitral tribunal shall decide the dispute according to the provisions of this Agreement to the legislation of the Contracting Party which is a party to the dispute, including the rules relating to conflicts of law, the terms of any specific agreements relating to investment as well as the Principles of International Law.

6. the arbitral awards shall be final and binding on the parties to the dispute. both Contracting Parties shall implement the awards in accordance with its legislation.

7. any Contracting Party may resort to diplomatic channels or bring an international claim on a dispute which one of its investors and the other contracting party have submitted to the procedures set out in this article unless such Contracting Party has not implemented or to comply with the award rendered in such dispute.

Article 10. Implementation of other Rules

1. if, in addition to the present Agreement, the provisions of the domestic law of either Contracting Party or obligations under international law in force or to enter into force between the two Contracting Parties shall establish a general or special regime that accorded to the investments made by investors of the other contracting party to a more favourable treatment than that provided for in this Agreement, prevail over this the most favourable regime.

2. each Contracting Party shall observe any obligations assumed with regard to investments made by investors of the other contracting party in its territory.

Article 11. Implementation of the Agreement

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 contracting party, in accordance with their respective laws and regulations, but shall not apply to any dispute that arose before its Entry into Force.

Article 12. Consultations

The representatives of the Contracting Parties shall, whenever necessary, meetings on any matter relating to the implementation of this Agreement. these meetings shall be held on the proposal of one of the Contracting Parties in place and date to agree upon through diplomatic channels.

Article 13. Entry Into Force and Duration

1. this Agreement shall enter into force thirty days after the date on which both contracting parties have notified in writing the fulfilment of their constitutional procedures.

2. this Agreement shall remain in force for a period of ten years and shall be extended indefinitely, except that may be denounced in writing by either contracting parties 12 months before the date of termination of the period of 10 years. after the expiration of this period of 10 years, this Agreement may be denounced at any time by one of the Contracting Parties with a written notice of 12 months.

3. the provisions of articles 1 to 12. No. ° shall remain in force for a period of ten years from the date of denunciation of this Agreement in respect of investments made prior to the termination.

Done at Montevideo, 25 days of the month of July 1997, in Spanish and Portuguese languages, both texts being equally authentic.

On the occasion of the signing of the Agreement between the Eastern Republic of Uruguay and the Portuguese Republic on the reciprocal promotion and protection of investments, the plenipotentiaries have agreed to further the following provisions, which constitute an integral part of this Agreement:

1) With reference to article 2 of this Agreement, the provisions of article 2 of this Agreement to investors of one Contracting Party who were already established in the territory of the other contracting party pretendieren and broaden their activities or established in other sectors. such investments shall be considered as a new, and as such, shall be conducted in accordance with the rules governing the admission of investment, within the meaning of article 2 of this Agreement;

2) With respect to article 3 of this Agreement, the Contracting Parties consider that the provisions of article 3 of this Agreement shall not affect the right of each contracting party to apply the relevant provisions of their fiscal legislation.

Done in duplicate at Montevideo, on 25 July 1997, in Spanish and Portuguese languages, both texts being equally authentic.