AGREEMENT BETWEEN THE GOVERNMENT OF THE REPUBLIC OF CHILE AND THE GOVERNMENT OF THE ITALIAN REPUBLIC ON INVESTMENT PROMOTION AND PROTECTION

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

In order to create favourable conditions for greater cooperation between the two States and, in particular, to create favourable conditions for investments by Italian in Chile and Chilean in Italy,

Convinced that the promotion and protection of such investment stimulate the transfer of capital and technology between the two countries;

Whereas the Basic Agreement on economic cooperation, industrial, scientific, technological, technical and cultural between Chile and Italy, signed in Santiago on 8 November 1990, and in particular article VIII of this Agreement,

Recognising that the encouragement and reciprocal protection, in accordance with international agreements, such foreign investments made or and involving real and effective transfer of capital, contribute to the promotion of business initiatives for the development of the two Contracting Parties,

Have agreed as follows:

Article I. Definitions

For the purposes of this Agreement:

1. "investment" shall include, regardless of the legal form chosen and the legal system of the reference, any kind of asset invested before or after the Entry into Force of this Agreement, in accordance with the laws and regulations of the latter.

Within the framework of a general nature, the term "investment" indicates:

a) Property right in movable and immovable property and any other property right, including, while they are used for investments, security rights in the property of third parties,

b) shares, debentures, participation quotas, any credit instrument and any other State and public instrument,

c) Claims to money or to any right to performance or services associated with an investment from abroad, and also as reinvested earnings refieres returns of investments and to paragraph 5 of this article, paragraph 5 of this article;

d) Copyrights, trademarks, patents, industrial designs and other Intellectual Property Rights, know-how, trade secrets, trade names and goodwill;

e) Economic any right conferred by law or under any contract or concession and licences according to the laws on implementation of economic activities, including the prospecting, cultivate, extract and exploit natural resources.

2. "investor" includes a natural or legal person of one Contracting Party who has effected or has assumed responsibility for investments from abroad in the territory of the other Contracting Party.

3. "natural person" shall include, with respect to each of the Contracting Parties, a natural person who has the nationality of that State in accordance with its laws.

4. "legal person" shall comprise with regard to either Contracting Party, any entity made up and with its seat in the territory of a Contracting Party according to its legislation or by public institutions and recognized as a legal person in general, corporations or associations, foundations, and this irrespective of whether their liabilities are limited or not.

5. "Income" shall comprise the amounts won or from an investment, including in particular the gains or profits assessments of profits, interest, dividends, royalties, capital, compensation for technical assistance, services and other remuneration, including reinvested earnings and capital increases.

6. The term "territory" means the land territory and the territorial sea of each Party as well as the exclusive economic zone and the continental shelf extending beyond the limit of the territorial sea of each Party over which the Parties have or may have, in accordance with international law, jurisdiction and sovereign rights for the purpose of prospecting, exploration, exploitation and preservation of natural resources.

Article 2. Promotion and Protection of Investments

1. Each Contracting Party shall promote as far as possible investments by investors of the other Contracting Party in its territory and shall admit such investments in accordance with its laws and regulations.

2. Each Contracting Party shall guarantee provided a fair and equitable treatment to investments of investors of the other Contracting State. Each Contracting Party shall ensure that the management, maintenance, use, processing, cessation and the liquidation of investments made in its territory by investors of the other Contracting State, as well as by companies and companies in which such investments are made, are not in any way reached by arbitrary or discriminatory measures.

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

1. Each Contracting Party in its territory shall accord to investments and activities associated with investments of investors of the other contracting party treatment no less favourable than those reserved for investments; earnings and similar activities related to its own investments of investors or of any other third country.

2. Each Contracting Party shall protect within its territory investments made in accordance with its laws and regulations by investors of the other Contracting Party and shall not hinder by unjustified discriminatory measures or the management, maintenance, use, enjoyment, extension and sale and, if the case. the liquidation of such investments.

3. The provisions of paragraphs 1 and 2 of this Article shall not apply to the advantages and privileges that a Contracting Party recognizes or will recognize to third countries on the basis of their dependence on a Customs or Economic Union, a Common Market, Free Trade Areas, or regional or sub-regional Agreements, international multilateral Economic Agreements or as a consequence of Agreements made with third States to avoid double taxation or to facilitate border exchanges.

Article 4. Compensation for Damage or Loss

1. In the event that the investors of one Contracting Party suffer losses relating to their investments in the territory of the other Contracting Party due to war or other armed conflict, the Contracting Party where the investment has been made shall afford adequate compensation. The respective payments shall take place without delay and shall be freely transferable unfair.

2. The investors concerned shall receive the same treatment to nationals of the Contracting Party and bound in any event shall be accorded treatment no less favourable than that accorded to investors of third States.

Article 5. Nationalisation or Expropriation

1. a) The investments subject of this Agreement may not be subject to any measure that limits for a determined or undetermined time, the right of ownership, possession, control or enjoyment related to them, except for specific provisions of the laws, as well as judgments and ordinances issued by a competent court.

b) Investments of investors of one Contracting Party shall not be expropriated, nationalised, directly or indirectly, seized or subjected to measures having equivalent effects in the territory of the other Contracting Party unless the above is undertaken for reasons of national interest and public purpose or through an immediate, complete and effective compensation and on condition that such measures are taken on a non-discriminatory basis and in accordance with legal procedures.

c) The compensation shall be equivalent to the fair market value of the investment immediately before the date of become publicly announced or the measure tantamount to expropriation or nationalization, actual or imminent.

It is understood that the actual value of the market includes all the elements and marks of the enterprise and

entrepreneurship activities.

The compensation shall be paid without delay and shall include interest rate at the usual bank interest, from the date of nationalization or expropriation until the date of payment. No later than at the time of expropriation, nationalization or another measure tantamount shall have taken appropriate measures to establish and meet the compensation.

In the event of failure to reach an agreement between the investor and the party obliged, the legality of the measure tantamount to expropriation or nationalization, and the amount of compensation shall be subject to review by ordinary judicial procedure.

2. The provisions referred to in paragraph 1 of this Article shall also apply to the proceeds of an investment, as well as in the event of liquidation, to the proceeds of the latter.

Article 6. Repatriation of Capital Gains, Salaries and Allowances

1. Each Contracting Party shall permit investors of the other Contracting Party shall, after the payment of all fiscal obligations, the transfer abroad in any freely convertible currency and without unjustified delay of:

a) Capital and any additional capital used to maintain and increase investments;

b) Net profit, dividends, royalties, technical assistance and compensation for any profits, facilities and interests.

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

d) Funds in repayment of loans related to investment and the payment of interest relating, documented in accordance with the law of the Contracting Party in the territory in which the investment made, was applicable at the time the loan was engaged,

e) Remuneration, allowances, remuneration and perceptions generated by working or autonomous or services, made by nationals of one Contracting Party in the territory of the other Contracting Party, in the field of investment or in connection with its implementation, as well as those relating to contributions and benefits for the purposes of social security and social insurance, to the extent and in the manner prescribed by its laws and regulations in force;

f) The amount of the compensation referred to in Articles 4 and 5 (c).

2. Whereas Article 3 of this Agreement, the Contracting Parties undertake to accord to transfers referred to in paragraph 1 of this article the same treatment to those originating from investments made by investors of third States, in the event that is more favourable.

Article 7. Subrogation

1. In the event that a Contracting Party or one of its institutions has granted a guarantee against non-commercial risks for investments made by one of its investors in the territory of the other Contracting Party and has made payments on the basis of the guarantee granted, such Contracting Party shall be recognized as subrogated by right to the same credit position of the investor covered by the insurance. For payments to be made for the benefit of the Contracting Party or its institution on the basis of such subrogation, Articles 4, 5 and 6 of this Agreement shall apply respectively.

2. The investor shall be entitled to sue or take part in actions already taken in order to protect the rights of claim to be and which have not been level. this was claimed, shall apply the procedure laid down in Article 9.

Article 8. Transfers

The transfers referred to in articles 4, 5, 6 and 7 shall be effected without undue delay, within six months after completion of tax obligations. Such transfers shall be made in a freely convertible currency at the market rate of exchange applicable more favourable banking on the date of transfer.

Article 9. 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 Contracting 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 within six months from the written claim by a party, the dispute may, at the choice of the investor, be submitted:

- The competent court of the Contracting Party in whose territory the investment is located; or

- to international arbitration in accordance with the provisions of paragraphs 3 and following of this Article. The choice of one of these procedures is final.

3. In the event of international arbitration, the claimant's dispute shall be submitted to

(a) the International Centre for Settlement of Investment Disputes (ICSID) established by the "Convention on Disputes Concerning National Investments of Other States" opened in Washington on March 18, 1965, and b) an ad hoc arbitration tribunal established, unless otherwise agreed by the Parties, in accordance with the provisions of the Convention.

(b) to an "ad hoc" arbitration tribunal established, unless otherwise agreed by the Parties, in accordance with the arbitration rules of the United Nations Commission on International Trade Law (UNCITRAL) referred to in UN General Assembly Resolution 31/98 of December 15, 1976. There shall be three arbitrators. If they are not nationals of the Contracting Parties, they shall be nationals of States having relations with the Contracting Parties.

4. No Contracting Party party to a dispute may, at any stage of the arbitral proceedings or of the execution of an arbitral award, raise defenses based on the fact that the investor, the opposing party to the dispute, has received an indemnity intended to cover all or part of the losses suffered, pursuant to a guarantee insurance policy provided for in Article 7 of this Agreement.

5. The arbitral tribunal shall decide on the basis of the law of the Contracting Party party to the dispute, including the latter's conflict of laws rules, the provisions of this Agreement, the terms of any individual agreements concluded in connection with the investment, as well as the principles of international law on the subject, in particular the principle of good faith.

6. The arbitral awards shall be final and binding on the Parties to the dispute. Each Contracting Party undertakes to enforce the awards in accordance with its national legislation and in accordance with the international conventions in force for both Contracting Parties.

7. The Contracting Parties shall refrain from dealing, through diplomatic channels, with arguments concerning arbitration or judicial proceedings already in progress until the corresponding proceedings have been concluded, unless the Parties to the dispute have not complied with the award of the arbitral tribunal or the judgment of the extraordinary tribunal, according to the terms of compliance set forth in the award or judgment.

Article 10. Settlement of Disputes between the Contracting Parties

1. Disputes between the Contracting Parties concerning the interpretation and application of this agreement should, if possible, be reconciled through amicable consultations between the two Parties through diplomatic channels.

2. If such disputes cannot be settled within six consecutive months from the date on which either Contracting Party notifies in writing the other Contracting Party, shall be submitted at the request of a party to an ad hoc arbitral tribunal in accordance with this Article.

3. The arbitral tribunal shall be constituted in the following manner: within two months after the date on which it receives the request for the establishment of the arbitral tribunal, each party shall appoint one member. those two members shall then select a national of a third State who shall be the Chairman. 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, a Party has not appointed its representative, either Contracting Party may, in the absence of any other agreement, send a request to the President of the International Court of Justice to make the appointment. in the event that he is a national of one of the Contracting Parties or if he is unable to perform this function, it shall request the Vice President of the International Court of Justice to make the appointment. if the Vice President is a national of one of the Contracting Parties or if he is unable to perform this 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 appointment.

5. The arbitral tribunal shall be decided by majority vote and its decisions shall be binding. each Contracting Party shall bear the costs of its own representative and of its representation in the proceedings. the cost of the Chairman and the remaining costs shall be borne by the Contracting Parties in equal parts. the arbitral tribunal shall establish its own rules of procedure.

Article 11. Relations between Governments

The provisions of this Agreement shall apply irrespective of the fact that the Contracting Parties or exist no diplomatic or consular relations.

Article 12. Implementation of other Rules

1. Where a matter is governed by this Agreement and by another international agreement to which the two contracting States, 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, has taken to investors of the other Contracting Party standards more favourable than those provided for by the present Agreement, which shall be restricted to the same treatment is more favourable.

Article 13. Scope of the Agreement

1. This Agreement shall apply to investments already made or to be made by investors of one Contracting Party in the territory of the other party and that according to the legislation applicable at the time that this Agreement enters into force, registered by the Commission as foreign investment.

2. 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, nor by events which occurred prior to its entry into force or by the mere presence of such situations.

Article 14. Entry Into Force

This Agreement shall enter into force on the latter date on which either of the Contracting Parties have notified each other that their constitutional requirements for the entry into force of this Agreement have been fulfilled.

Article 15. Duration and Termination

1. This Agreement shall remain in force for a period of ten years from the date of notification procedures of Article 14, and shall be tacitly for extended periods of five years unless one of the Parties denounces it in writing one year before the date of expiry.

2. In respect of investments made prior to the expiry dates, referred to in the preceding paragraph, the provisions of articles 1 to 13 shall remain in force for a further five years from the date mentioned above.

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

Done in two copies, in Santiago, on March 8, 1993, in the Spanish language and in the Italian language, both texts being equally authentic.

FOR THE GOVERNMENT OF THE REPUBLIC OF CHILE

FOR THE GOVERNMENT OF THE ITALIAN REPUBLIC

Protocol

With the signature of the Agreement between the Government of the Republic of Chile and the Government of the Italian Republic on the Promotion and Protection of Investments, the following clauses have also been agreed upon, which form an integral part of said Agreement.

1. With reference to the Agreement as a whole:

In the original Italian and Spanish texts of the Agreement, the words "cittadinanza" and "cittadino" correspond to "nationality" and "national".

2. In relation to Article 3:

Each Contracting Party shall regulate, according to its laws and regulations as favorably as possible, problems relating to the entry, stay, work and other movements in its territory of nationals of the other Contracting Party and their families engaged in activities connected with investments in the spirit of this Agreement.

3. In relation to Article 8 :

a) Without prejudice to the provisions of Articles 6 paragraph 1 letter a) and 8, the Republic of Chile currently maintains a legal term, only for the repatriation of capital, which in no case may exceed three years counted from its date of entry.

b) As long as the Chilean Foreign Debt Conversion Program remains in effect, the Republic of Chile will grant the right of repatriation of investments made by Italian investors under the Program after ten years from their entry into Chile, as well as the transfer of profits after four years have elapsed. The profits of the first four years will be transferable as of the fifth year, in annual installments of 25%, respectively.

c) The Republic of Chile, in conformity with the norms of this Agreement, undertakes to extend for the benefit of the investors of the Italian Republic, any elimination or reduction of the referred terms, which may be legally adopted within the framework of the policy of economic freedom and promotion of foreign investment in Chile.

d) Notwithstanding the foregoing, in no case shall an Italian investor be treated less favorably in transfer matters than any investor of a third State.

Whereof it is hereby witnessed that the undersigned, duly authorized by their respective Governments, have signed this Agreement.

Done in duplicate at Santiago, on March 8, 1993, in the Spanish language and in the Italian language, both texts being equally attested.

FOR THE GOVERNMENT OF THE REPUBLIC OF CHILE

FOR THE GOVERNMENT OF THE ITALIAN REPUBLIC