AGREEMENT FOR THE PROMOTION AND RECIPROCAL PROTECTION OF INVESTMENTS BETWEEN THE FEDERAL REPUBLIC OF BRAZIL AND THE ITALIAN REPUBLIC

The Italian Republic and the Federative Republic of Brazil, hereafter referred to as "Contracting Parties", animated by the desire to create conditions conducive to increased mutual economic cooperation and, in particular, to the realization of investments in a country in the territory of the other;

Given that maintaining a climate favorable to investment is the best way of establishing and maintaining an adequate international flow of capital;

And recognizing that the conclusion of an agreement for the promotion and mutual protection of investment may help to stimulate entrepreneurial initiatives that favor the prosperity of the two countries;

Have agreed as follows:

Article I. Definitions

1. For the purposes of this Agreement:

I. "Investment" means any kind of asset invested by a natural or legal person of a Contracting Party in the territory of the other Contracting Party, irrespective of the legal form chosen and the legal framework of reference, in accordance with the laws and regulations of the Party on whose territory the investment was made. The term investment includes in particular but not exclusively:

a) Mobile and motionless goods, nonche 'each right in rem comprised, for what impiegabili for investment, the real rights of guarantee on of proprieta' of third;

b) Actions, obligations, quotas of participation and each other title of credit, nonche 'titles of state and public titles in gender;

c) Financial claims or any other right for commitments or services with economic value, relating to investments, as well as reinvested earnings and capital increases;

d) Rights in intellectual property and industrial property such as copyrights, trademarks, patents, industrial designs, know-how, firm and commercial start-up;

e) Any law of nature economy conferred by law or for contract, nonche 'each license and concesión rilasciated in conformita' with the valid disposals in the host part the investment for the exercise of attivita 'cheap, comprised those of prospecting, cultivation, extraction and Exploitation of natural resources.

II. The term "investors" means:

a) Natural persons who hold the citizenship of the Contracting Party from which the investment originates, in accordance with its domestic law;

b) Legal persons established in accordance with the legislation of the Contracting Party from which the investment originates and which are located in the territory of the same Party, including companies, foundations, associations, public institutes, corporations of persons or capital, independently Whether they are in limited liability or not;

III. The term "investment income" means income from an investment, including profits, capital gains, dividends, interest, royalties, technical assistance and technical fees and any other consideration in kind.

IV. The term "territory" designates, in addition to areas bordered by land or island borders, also the territorial sea, as defined by the United Nations Convention on the Law of the Sea and the corresponding funds and subsoil, as well as any

maritime area beyond Territorial sea, including the bottom of the sea and the subsoil, to the extent that the Contracting Party exercises sovereignty, sovereign rights or judicial rights in this area, in accordance with international law.

2. No modification of the modalities of investment or reinvestment of assets and capital affects the qualification of the investment, as defined in this agreement, comply with legal and regulatory provisions.

Article II. Promotion and Protection of Investment

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

2. Each Contracting Party shall ensure in its territory a non-discriminatory, fair and equitable treatment of investors of the other Contracting Party and shall ensure that the management, maintenance, enjoyment, processing, termination and liquidation of investments made in Its territory by investors of the other Contracting Party and by companies and firms in which such investments have been made are in no way affected by unjustified or discriminatory measures.

Article III. Treatment and Clause of the Nation Most Favored

1. In all matters governed by this Agreement, the treatment referred to in the second paragraph of Article II shall not be less favorable than that granted by a Contracting Party to investments made in its territory by investors of a third country.In the second paragraph Of Article II shall not be less favorable than that granted by a Contracting Party to investments made in its territory by investors from a third country.

2. This treatment will not extend, however, to the concessions of a Contracting Party in favor of third party investors in virtue of its participation in a free trade area, customs union, common market, regional integration agreements, multilateral economic agreements And agreements to facilitate cross-border trade.

3. The treatment referred to in this Article shall not extend to reductions in rates, tax exemptions and other similar incentives granted by a Contracting Party to third-country investors under an agreement to avoid double taxation or other arrangements In tax matters.

4. In addition to the provisions of paragraph 1 of this Article, each Contracting Party shall grant investors of the other Contracting Party less favorable treatment than that accorded to investors of their investors. Paragraph 1 of this Article shall grant each Contracting Party Investments of investors of the other Contracting Party are no less favorable than those accorded to investors of their investments.

5. The treatment accorded to the investments linked to the investments of investors of each Contracting Party shall not be less favorable than that accorded to similar activities connected with the investments of its own investors or any other third country.

6. The provisions of this Article shall also apply to income derived from an investment and, in the case of liquidation, to the proceeds derived therefrom.

Article IV. Nationalization and Expropriation

1. Each Contracting Party undertakes not to take measures limiting, for a fixed or indefinite period, the rights of ownership, possession or enjoyment of investments made in its territory by investors of the other Contracting Party, subject to specific provisions of law, Judgments or orders of the competent judicial authorities or other non-discriminatory provisions of a general nature intended to regulate the economic activities.

2. The investments of investors of one of the Contracting Parties shall not be directly or indirectly nationalized, expropriated or subjected to any other measure having equivalent effects which may be adopted by the authorities of the other Contracting Party in respect of investments made in its territory, Usefulness or need of public or national interest, in accordance with the legal provisions of the receiving Party, on the condition that such measures are adopted on the basis of non-discriminatory criteria.

3. The Contracting Party's authority to take any of these measures shall pay the investor or investors of the other Contracting Party a fair and immediate remedy.

4. The fair compensation will be equivalent to the actual market value of the investment immediately before the nationalization or expropriation decisions have been announced or made public and will be determined on the basis of internationally accepted reference benchmarks. If there is a difficulty in determining market value, compensation will be

determined on the basis of an assessment of the constituent elements of the enterprise as well as of the components and results of related business activities. The compensation shall be determined in a currency convertible to the exchange rate applicable on the day on which nationalization or expropriation was adopted and shall include interest accrued on the date of payment calculated on the basis of the applicable six-month LIBOR rate on the date of nationalization or expropriation. Once determined, the compensation will be readily paid and will be freely transferable.

5. If, after the expropriation, the expropriated property has not received, in whole or in part, the intended purpose, the investor or his / her attorneys will have the right to obtain the repurchase of such assets at the market price.

Article V. Compensation for Damage or Losses

Where investors in one of the Contracting Parties suffer losses or damage to investments made in the territory of the other Contracting Party because of war or other armed conflicts, revolutions, revolts or other emergency situations, they shall receive from the latter Contracting Party treatment No less favorable for restitution, compensation, compensation or any compensatory measure not less favorable than that accorded to its own investors or those of third countries.

Article VI. Transfer

1. Each Contracting Party shall guarantee the free transfer of income, earnings and other income from investments made in its territory by investors of the other Contracting Party, and in particular but not exclusively:

a) Capital and additional capital shares used to maintain and increase investment, including reinvested earnings used;

b) Net income, dividends, royalties, fees for assistance and technical services, interests and any other useful;

c) Sums deriving from the total or partial sale or liquidation of an investment;

d) Amortization of loans related to an investment and the payment of their respective interests;

e) Remuneration and allowances received by citizens of the other Contracting Party and derived from subordinated employment and services rendered in the performance of investments made in its territory, to the extent and in accordance with the modalities provided for in the laws and regulations in force in force;

f) the compensations provided for in Articles IV and V, as well as the amounts provided for in Article VII.

2. Transfers shall be made by the investor in accordance with the laws or regulations of the Contracting Party hosting the investment, without undue delay, and in any case within six months of the request, after the fulfillment of all tax obligations.

3. The tax obligations referred to in paragraph 2 of this Article shall be deemed to have been fulfilled when the investor has fulfilled the procedures laid down by the law of the Contracting Party in whose territory the investment was effected.

4. The transfers will be authorized in a currency convertible at the exchange rate applicable at the time of submitting the duly documented application to a bank authorized to operate in foreign currency.

Article VII. Subrogation

Where a Contracting Party or its institution has granted an insurance against non-commercial risks for investments made by its investor in the territory of the other Contracting Party and has made payments under the guarantee granted, it shall be deemed to be subrogated of the insured investor's creditworthiness.

For the payments to be made to the Contracting Party or its establishment in virtue of such surrogate, Articles iv and v of this Agreement shall respectively be applied.

Article VIII. Settlement of Disputes between Investors and Contracting Parties

1. Any kind of controversy or divergence that arises between one of the Contracting Parties and the investor of the other Contracting Party shall, as far as possible, be resolved through friendly consultations between the Parties.

2. Where such disputes or divergences can not be resolved in a friendly manner within six months from the date of the written request of the investor, they may be selected by the investor:

a) To the local courts of the Contracting Party or,

b) International arbitration, under the conditions described in paragraph 4 of this Article, paragraph 4 of this Article.

3. The option for either of these two ways will be definitive and irreversible.

4. In the case of the option for international arbitration, the dispute or the divergence will be subject to:

a) At the international settlement center for settling disputes, instituted by the Washington Convention of 18 March 1965, if and as soon as the Contracting Parties have acceded to it;

b) To an ad hoc tribunal established under the arbitration rules of the United Nations International Commercial Law (UNCITRAL), adopted by Resolution 31/98 of the General Assembly of 15 December 1976. The arbitral tribunal shall be composed of three arbitrators, one designated by the Contracting Party involved in the dispute, one designated by the investor of the other Contracting Party, and a third arbitrator, who shall preside over the tribunal, appointed by the two arbitrators so chosen. If the arbitrators are not citizens of one of the Contracting Parties, they must be citizens of States which have diplomatic relations with both Contracting Parties. If the third arbitrator is not appointed within thirty days of the appointment of the other two arbitrators, his designation will be cast as chairman of the arbitration tribunal of the Paris International Chamber of Commerce.

5. The arbitral tribunal shall decide on the basis of the provisions of this Agreement, the principles of international law in this matter, the general principles of law recognized by the Contracting Parties, the law of the Contracting Party involved in the dispute and in accordance with any particular investment agreement.

6. Arbitration awards will be final and binding on the parties to the dispute and will be executed in accordance with the national law.

7. The Contracting Parties shall refrain from dealing diplomatically with matters relating to an arbitration or a judicial proceeding already initiated until the relevant proceedings have been brought to an end and one of the parties to the dispute has failed to comply with the arbitration award or to the judgment of the court, within the time-limits laid down in the judgment or judgment.

Article IX. Settlement of Disputes between the Contracting Parties

1. Disputes between the Contracting Parties concerning the interpretation and application of this Agreement shall, as far as possible, be made up of diplomatic channels.

2. In the event that such disputes can not be made within six months of the date on which one of the Contracting Parties has made a written request to the other Party, they shall, on the initiative of one of the parties, be submitted to an ad hoc arbitration tribunal, according to the provisions of this Article.

3. The arbitral tribunal shall be constituted as follows: within two months from the date of receipt of the request for arbitration, each of the Contracting Parties shall appoint a member of the tribunal. These two members will therefore choose as a president a national of a third state. The chairman shall be appointed within three months of the nomination of the other two members.

4. If, within the period stipulated in paragraph 3 of this Article, the designations provided therein have not been made, each of the Contracting Parties may, in the absence of other adjustments, request the President of the International Court of Justice to do so. If this the latter is a national of one of the Contracting Parties, or by any reason is prevented from accepting the charge, the same request will be addressed to the Vice-President of that Court. If the Vice President also is a national of one of the Contracting Parties, or is also a national of one of the Contracting Parties prevented, it will be up to the member of the Court to immediately follow him in the order of precedence and who is not a national of one of the Contracting Parties make such designations

5. The arbitral tribunal will decide by majority vote and its decisions will be binding. Each Contracting Party shall bear the costs of its arbitrator and those of his participation in the arbitration proceedings. The expenses of the President and the remaining costs of the proceedings shall be borne by the two Contracting Parties equally. The arbitral tribunal will establish its own procedures.

Article X. Applications of other Provisions

1. If the legal provisions of one of the Contracting Parties or obligations under international law which exist or will exist between the Contracting Parties beyond this Agreement result in general or particular regulations granting more favourable treatment to the investments of investors of the other Contracting Party than provided for in this Agreement, such

regulations shall prevail in the Party where they are more favourable.

2. Both Contracting Parties shall comply with any other obligations which they have agreed with regard to investments by investors of the other Contracting Party in their territory.

Article XI. Government Relations

The provisions of this Agreement shall apply irrespective of the fact that there are diplomatic or solar relations between the Contracting Parties in accordance with Article 63 of the Vienna Convention on the Law of Treaties of 23 May 1969.

Article XII. Investments Prior to the Agreement

1. The provisions of this Agreement shall apply to investments made before or after its entry into force.

2. This Agreement does not apply to disputes and divergences that have led to the initiation of judicial proceedings before its entry into force.

Article XIII. Entry Into Force, Extension and Denunciation

1. This Agreement shall enter into force thirty days after the date on which the two Contracting Parties have been notified of the completion of the procedures laid down in their respective constitutional arrangements.

2. This Agreement shall remain in force for an initial period of ten years, after which it shall be tacitly extended for subsequent five-year periods.

3. This Agreement may be denounced by both Contracting Parties within one year of the date of expiry, by written notification transmitted by diplomatic means.

4. In the event of denunciation, the provisions of Articles I to XII of this Agreement shall continue to apply for a period of five years, to all the investments made prior to its notification.

Done at Brasilia on 3 April 1995, in two original copies in the Italian and Portuguese languages, both texts being equally authentic.

For the Government of the Italian Republic

Susanna Agnelli

Minister of State for Foreign Affairs

For the Government of the Federative Republic of Brazil

Luiz Felipe Lampreia

Minister of State for Foreign Affairs

Protocol

By signing the Agreement for the Promotion and Reciprocal Protection of Investments between the Federative Republic of Brazil and the Italian Republic, the Government of the Federative Republic of Brazil and the Government of the Italian Republic also agreed on the following provisions, which constitute an integral part of the said Agreement:

With reference to Article III:

a) Activities related to investments concerning the acquisition, sale and transportation of raw materials and their derivatives, energy, fuel, equipment, as well as any other business operations or initiatives supported by this Agreement shall also enjoy, in the territory of each of the Contracting Parties, treatment no less favorable than that granted to similar activities and initiatives of national investors or of a third country.

(b) Each Contracting Party shall, in accordance with its laws and regulations, treat in the most favourable manner possible matters relating to the entry into, stay, work and movement within its territory of nationals of the other Contracting Party and members of their families who are engaged in activities relating to investments under this Agreement.

c) Without prejudice to paragraph 4 of the said Article, the Government of the Federative Republic of Brazil reserves the right to grant preferential treatment to Brazilian companies with national capital in the acquisition of goods and services by the Public Authorities, in accordance with the provisions of paragraph 2 of Article 171 of the Constitution of the Federative Republic of Brazil. This provision shall cease to have effect should paragraph 2 of Article 171 of the Constitution of the Federative Republic of Brazil be derogated by means of constitutional amendment or revision. The Government of the Federative Republic of Brazil shall immediately notify the Government of the Italian Republic, through diplomatic channels, of any such amendment or constitutional revision.

Done at Brasilia on 3 April 1995, in two original copies in the Italian and Portuguese languages, both texts being equally authentic.

For the Government of the Italian Republic

Susanna Agnelli

Minister of State for Foreign Affairs

For the Government of the Federative Republic of Brazil

Luiz Felipe Lampreia

Minister of State for Foreign Affairs