

# **AGREEMENT BETWEEN THE GOVERNMENT OF THE REPUBLIC OF PARAGUAY AND THE UNITED ARAB EMIRATES ON PROMOTION AND RECIPROCAL PROTECTION OF INVESTMENTS**

The Republic of Paraguay and the United Arab Emirates (hereinafter the "Contracting Parties");

Desiring to encourage greater economic cooperation among them, with respect to investments made by investors of a Contracting Party in the territory of the other Contracting Party;

Recognizing that the Agreement on Reciprocal Promotion and Protection that will be granted to those investments will stimulate capital flow and economic development of the Contracting Parties;

Agreeing that a stable framework for investment will maximize the effective use of economic resources and improve living standards;

Understanding that the promotion of such investments will require the cooperative effort of the Investors of a Contracting Party and of the other Contracting Party;

They have agreed to the following:

## **Article 1. General Definitions**

The term "Investor" refers to:

- a) A natural person who is a national of one of the Contracting Parties, in accordance with its legislation. The provisions of this Agreement will not apply to investments made by natural persons who are nationals of a Contracting Party in the territory of the other Contracting Party if such persons at the date of investment, were residing permanently or have their domiciled in the latter Contracting Party, unless it is proven that the resources related to these investments come from abroad.
- b) A legal entity constituted in accordance with the current legislation of a Contracting Party and which has its headquarters in the territory of said Contracting Party.
- c) Legal entities established in the territory where the investment is made and is controlled effectively, directly or indirectly, by natural or legal persons as defined in the preceding paragraphs.

For the purposes of this Agreement:

The term "Investment" includes all types of assets placed by a investor of a Contracting Party in the territory of the other Contracting Party in accordance with the legislation of the other Contracting Party, which is complete and effectively controlled, directly or indirectly, by natural or legal persons as defined in the preceding paragraphs.

The term includes, in particular, but not exclusively:

- a) The ownership of movable and immovable goods, as well as other rights such as mortgages, liens, pledges and other guarantees.
- b) shares, securities, bonds or participation in companies, as well as any other form of participation in companies or joint ventures, as well as economic interests as a result of such activity.
- c) Title of credits and rights to any type of provision of economic value; loans will be included only when they are directly linked to a specific direct foreign investment.
- d) intellectual and industrial property, intangible property rights, including in particular, copyrights, patents, industrial

designs, marks, trade names, technical and technological procedures, know-how, the key value and breeders, who are protected by the domestic law of the host State.

e) Economic concessions granted by law or by contract, including concessions for the search, cultivation, extraction or exploitation of natural resources; in the case of the UAE, the natural resources are excluded.

Any change in the execution form of the investments will not affect its qualification as an investment, provided that such modification is made in conformity with the current legislation of the Contracting Party in the territory in which the investment was made.

The term "Revenue" refers to the amounts obtained by an investment made in accordance with this Agreement, such as profits, dividends, interest, royalties and current income and any other earnings from the surplus operation.

By "freely convertible currency" it will be understood any currency that is thoroughly used in international transactions and can be traded in the principal exchange markets.

"Fair and equitable treatment" shall mean the prohibition of the denial of justice in criminal, civil or administrative proceedings, in accordance with the principle of due process established in the host State.

"Territory" shall mean:

a) As for the Republic of Paraguay, it refers to the territorial extension over which the State exercises its sovereignty or jurisdiction in accordance with international and national law; the National Constitution.

b) As regards the United Arab Emirates, the territory of the United Arab Emirates, its territorial sea, the airspace and the submarine zones over which the United Arab Emirates exercises, in accordance with international law and the laws of the United Arab Emirates, sovereign rights; including the Exclusive Economic Zone and the continental area and the islands under its jurisdiction in regard to any activity carried out in its waters, seabed and subsoil in relation to the exploration or exploitation of natural resources by virtue of its legislation and international law.

## **Article 2. Promotion and Promotion of Investments**

To the possible extent, each Contracting Party shall encourage and promote in its territory the investments of the investors of the other Contracting Party and shall carry out the said projects in accordance with its current legislation.

The Contracting Party in whose territory the investment is made shall, to the extent possible, provide the necessary requirements in accordance with the laws and regulations of the host State.

## **Article 3. Protection of Investments**

1. Investments and returns of investors of either of the Contracting Parties shall be accorded fair and equitable treatment and shall enjoy protection at all times and security in the territory of the other Contracting Party in accordance with the laws and regulations each Contracting Party.

2. Each Contracting Party shall protect investments of its territory made under its current legislation by investors of the other Contracting Party, and shall not prevent, through unjustified or discriminatory measures, the management, maintenance, use, development, the sales and, if applicable, the liquidation of said investments.

3. In accordance with its laws and regulations, each Contracting Party shall make available to the public, to the possible extent, its laws and regulations relating to investments.

4. In accordance with its laws and regulations, each Contracting Party will grant to investors of the other Contracting Party the right to access to its judiciary tribunals, agencies and administrative tribunals and all the other judicial authorities.

## **Article 4. National Treatment and Most Favored Nation**

1. Each Contracting Party shall grant, by virtue of its laws and regulations, to the investments and returns of the investors of the other Contracting Party, a treatment no less favorable than that which it accords to the investments and returns of its own investors or to investments and returns of the investors of any third State, the one that is more favorable for the interested investors.

2. Each Contracting Party shall grant in its territory to investors of the other Contracting Party, with respect to the acquisition, development, management, maintenance, use, expansion, sale or other form of disposition of its investment, a

treatment no less favorable than that which it grants to its own investors or to investors of any third State, whichever is more favorable to the interested investors.

3. Neither Contracting Party shall impose mandatory measures on its territory on the investments of investors of the other Contracting Party, related to the purchase of materials, means of production, operation, transportation, commercialization of its products or similar orders that have effects not reasonable or discriminatory. This paragraph shall not apply to measures adopted in accordance with laws and regulations concerning the public procurement of goods and services at any level of the Government of the Contracting Party.

4. Without prejudice to any other bilateral investment agreement that the Contracting Parties have signed with other States, before or after the entry into force of this Agreement, the Most Favored Nation treatment shall not apply to procedural or judicial matters.

5. The provisions of paragraphs 1 and 2 of this article shall not be construed so as to require a Contracting Party to extend to investors of the other Contracting Party the benefit of any treatment, preference or privilege that may be extended by the first Contracting Party. Contracting Party by virtue of: any customs union or economic or monetary union, existing or future, free trade zone or similar international agreements of which either of the Contracting Parties is or may become a party in the future; any international agreement or arrangement, totally or partially related to taxation.

## **Article 5. Compensation for Losses**

Investors of one Contracting Party who suffer: Investment losses in the territory of the other Contracting Party owing to war or armed conflict, revolution, state of national emergency, rebellion, insurrection or riot in the territory of the other Contracting Party, shall receive in relation to what is known as restitution, compensation or other compensation, a treatment not less favorable than accorded to its own investors or investors of other States, in similar circumstances.

## **Article 6. Expropriation and Compensation**

1. Neither Contracting Party shall adopt, directly or indirectly, measures of expropriation, nationalization or any other measure of the same nature or effect against the investments of investors of the other Party, except for reasons of public interest and with the condition that measures are not discriminatory and give rise to the prior payment of a fair compensation, in accordance with the legal provisions in force and according to due legal process.

2. In case of expropriation, an agreement shall be reached on the value of the compensation between the investor and the Contracting Party, taking into account the market value criteria of the investment before it has been publicly announced or that it has been announced. delivered the notification of expropriation. If an agreement is not reached, it will be resolved through a judicial procedure in the country where the investment and expropriation was made.

Said compensation, in whose territory the investment is made, shall be paid immediately in convertible currency based on the existing exchange rate for that currency at the valuation date, and shall include the interest for late payments according to the information provided by the Central Bank of the Contracting Party on the corresponding interest rate at the time of maturity of the payment of compensation.

The public goods of a Contracting Party shall be immune from nationalization, expropriation, blocking or freezing.

public goods will not be subject to the measures mentioned above under any third party request.

## **Article 7. Transfers**

1. Each Contracting Party, in whose territory the investors of the other Contracting Party have invested, shall guarantee to the latter, in accordance with international provisions on the matter, the free transfer of payments relative to said investments, in particular, but not exclusively, from:

- a) Income;
- b) Amortizations of loans linked to an investment;
- c) Amounts allocated to cover expenses related to the administration of investments;
- d) The additional contribution of the necessary capital for the maintenance or development of the investments;
- e) The proceeds of the sale or partial or total liquidation of an investment;

f) The compensation and compensation provided in articles 6 and 7;

g) Any preliminary payment that may have been made on behalf of an investor in accordance with Article 8 of this Agreement;

h) Expansive reinvestments.

2. The aforementioned transfers will be made without delay, after compliance with the corresponding tax obligations, in a freely convertible currency at the exchange rate applicable at the date of the transfer, in accordance with current legislation on the exchange policy in effect in the territory of the Contracting Party, where the investment was made.

3. Notwithstanding the provisions of paragraphs 1 and 2, each Contracting Party may temporarily prevent a transfer to protect the rights of the creditors or ensure compliance with the final rulings issued in administrative, judicial or arbitral proceedings through an equitable, non-discriminatory and in good faith application of its laws and regulations, in terms of:

a) Bankruptcy or insolvency;

b) Offenses;

c) Guarantee of compliance with orders or judicial resolutions;

d) Failure to comply with labor obligations with respect to salaries, remunerations and the end of services;

e) Non-compliance with tax obligations;

f) Money laundering.

## **Article 8. Subrogation**

1. When a Contracting Party or one of its authorized bodies has agreed to a guarantee or insurance to cover non-commercial risks related to an investment made by one of its investors in the territory of the other Contracting Party, the latter Contracting Party shall recognize the subrogation of the First Contracting Party or its authorized agencies in the same rights of the investor recognized by the law of the party receiving the investment, provided that the first Contracting Party has made a payment under that guarantee and the other Contracting Party expresses its agreement.

2. Without prejudice to the provisions of paragraph 1 of this Article, subrogation shall be carried out in the Contracting Party only after the approval of the competent authority of said Contracting Party.

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

1. Every dispute concerning the provisions of this Agreement concerning an investment between an investor of one Contracting Party and the other Contracting Party shall be solved, insofar as possible, through friendly consultations.

2. If these meetings do not allow the resolution of the dispute within a period of six months, from the date of notification in writing, either party may submit the dispute to:

a) The national jurisdiction of the Contracting Party, in whose territory the investment was made; or

b) International arbitration. In the latter case, the Parties will have the following options to submit the dispute to:

i) The International Center for Settlement of Investment Disputes (ICSID), established by the Agreement on Settlement of Disputes between States and Nationals of Other States, opened for signature in Washington, DC, on March 18, 1965; or

ii) an ad hoc tribunal established under the arbitration rules of the United Nations Commission on International Trade Law (UNCITRAL).

3. Once accepted expressly by the other Party and submitted the controversy to one of the aforementioned procedures, this selection will be final.

4. The Contracting Party that is a party to a dispute at any time, during the proceedings, may use in its defense its immunity or the fact that the investor has received compensation, by insurance contract, indemnifying all or part of the damages or losses incurred.

5. The arbitral tribunal may decide on the basis of this Agreement and other relevant agreements between the Contracting

Parties; in terms of any specific agreement that may be concluded in relation to the investment; in the legislation of the Contracting Party that is a party to the dispute, including in its rules on conflict of laws; and in those principles and norms of International Law that were applicable.

6. The decisions of the court are final and binding on the parties to the dispute. Each Contracting Party shall execute them in accordance with its current legislation.

7. This article will not apply if more than five years have elapsed from the date on which the investor acquired, or should have acquired, for the first time, knowledge of the alleged breach and the fact that the investor has incurred losses or damage.

## **Article 10. Special Provisions**

Notwithstanding the provisions of Article 4, if the law provisions of either Contracting Party or current international law obligations or to be established in the future between the Contracting Parties, in addition to this Agreement, contain general or special regulations which allow investments by investors of the other Contracting Party a more favorable treatment than that provided in this Agreement, such rule shall prevail over this Agreement.

Any expression that is not defined in this Agreement will have the meaning used in the legislation in force in each Contracting Party.

## **Article 11. Limitation of Benefits**

1. The benefits of this Agreement shall not be available to an investor of a Contracting Party if the principal objective of acquiring the nationality of that Contracting Party is to obtain benefits under this Agreement, which would otherwise not be available to the investor.

2. Before denying the benefits of this Agreement, the denying Contracting Party shall notify the other Contracting Party.

3. Legal entities that do not have their headquarters or substantial commercial activity in the State of origin.

4. The investor structures his investment, for example through intermediaries entities of a third country, for the sole purpose of benefiting from this Agreement.

## **Article 12. Application of the Agreement**

This Agreement will apply to investments made before or after the entry into force of this Agreement, but will not apply to any investment controversy that has arisen or to any claim that has been resolved prior to its entry into force.

## **Article 13. Queries**

The Contracting Parties, at the request of either of them, shall hold meetings on any matter relating to the implementation or application of this Agreement. These meetings shall be held on the proposal of one of the Contracting Parties in a place and time to be arranged through diplomatic channels.

## **Article 14. Term, Duration and Termination of the Agreement**

This Agreement will enter into force thirty (30) days after the date of receipt of the last written notification and through diplomatic channels, in which the Contracting Parties have notified each other that the constitutional procedures have been complied for its approval in their respective countries, and it will remain in force for a period of 10 years.

In case either of the Contracting Parties decides to terminate this Agreement, it must notify its decision in writing and through diplomatic channels to the other Party, at least twelve (12) months before the expiration date of its current validity. Otherwise, this Agreement shall be extended indefinitely and at this stage the Contracting Parties may notify the decision to terminate the present Agreement at any time, in writing and through diplomatic channels. Termination of this Agreement shall be effective twelve (12) months after receipt of written notification.