



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

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

Desiring to promote greater economic co-operation between them, with respect to investments made by investors of one Contracting Party in the territory of the other Contracting Party;

Recognizing that agreement on the promotion and reciprocal protection to be accorded to such investment will stimulate the flow of capital and the economic development of the Contracting Parties;

Agreeing that a stable framework for investments will maximize effective utilization of economic resources and improve living standards;

Understanding that promotion of such investment requests co-operative efforts of the investors of one Contracting Party and the other Contracting Party;

Have agreed as follows:

ARTICLE 1
General definitions

The term "Investor" means:

- a) A natural person who is a national of one of the Contracting Parties, in accordance with its legislation. The provisions of this Agreement shall not apply to investments made by natural persons who are nationals of one Contracting Party in the territory of the other Contracting Party if such persons, on the date of the investment, reside permanently or domicile in the latter Contracting Party, unless it is proved that the resources related to these investments come from abroad.
- b) A legal person constituted in accordance with the current legislation of a Contracting Party and having its location in the territory of that Contracting Party.
- c) Legal entities established in the territory where the investment is made and effectively controlled, directly or indirectly by natural or legal persons defined in the previous paragraphs.

For the purposes of this Agreement:



The term "Investment" includes all types of assets placed by an investor of one Contracting Party in the territory of the other Contracting Party in accordance with the law of the other Contracting Party which is made and effectively controlled, directly or indirectly by natural or legal persons defined in the previous paragraphs.

The term includes in particular, but not exclusively:

- (a) Ownership of movable and immovable property, as well as other real rights such as mortgages, levies, pledge rights and other security rights.
- (b) Shares, securities, titles or participation rights in companies or any other form of participation in companies or joint venture businesses, as well as the economic interests resulting from such activity.
- (c) Title of credits and rights to any type of provision of economic value; loans shall be included only when they are directly linked to a specific foreign direct investment.
- (d) Intellectual and industrial property rights, intangible property rights, including, in particular copyrights, patents, industrial designs, trademarks, trade names, technical and technological procedures, Know How, key value and plant breeders, which are protected under domestic laws of the host State.
- (e) Economic concessions conferred by law or under contracts, including concessions for research, cultivation, extraction or exploitation of natural resources, excluding the natural resources in case of the UAE.

Any change in the form of execution of investments shall not affect its qualification as an investment provided that such modification is made in accordance with the current legislation of the Contracting Party in the territory in which the investment has been made.

The term "Income" means the sums earned by an investment made in accordance with this Agreement, such as profits, profits, dividends, interest, royalties and other current income and any other income from operating surplus.

The term "freely convertible currency" shall mean any currency that is any widely used in international transactions and is traded in principal exchange markets.

The term "fair and equitable treatment" shall mean the prohibition against denial of justice in criminal, civil or administrative proceedings in accordance with the principle of due process embodied in the host State.

The term "Territory" means:

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



- (b) In relation to the United Arab Emirates, the territory of the United Arab Emirates, its territorial sea, airspace and submarine areas over which the United Arab Emirates exercises in accordance with international law and the law of United Arab Emirates sovereign rights; including the Exclusive Economic Zone and the mainland and islands under its jurisdiction in respect of any activity carried on in its water, seabed and subsoil in connection with the exploration for or the exploitation of the natural resources by virtue of its law and international law.

ARTICLE 2

Promotion and encouragement of investments

Each Contracting Party shall, as far as possible, encourage and promote in its territory the investments of investors of the other Contracting Party and to make such projects according to its legislation in force.

The Contracting Party in whose territory the investment is made shall as far as possible facilitate 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 Contracting party shall be accorded fair and equitable treatment and shall at all times enjoy protection and security in the territory of the other Contracting Party in accordance with the laws and regulations in force in each contracting party.

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

3. In accordance with its laws and regulations, each Contracting Party shall as far as possible make publicly available, its laws, regulations that pertain to investments.

4. Each Contracting Party shall in accordance with its laws and regulations ensure to investors of the other Contracting Party the right of access to its courts of justice, administrative tribunals and agencies and all other judicial authorities.

ARTICLE 4

National treatment and most favored nation

1. Each Contracting Party shall accord, under its laws and regulations, to investments and returns of investors of the other Contracting Party a treatment no less favourable than that which it accords to investments and returns of its own investors or to investments and returns of investors of any third State, whichever is more favourable to the investors concerned.



2. Each Contracting Party shall accord in its territory to the investors of the other Contracting Party with regard to acquisition, development, management, maintenance, use, expansion, sale or other disposal of their investment, a treatment which is no less favourable than that which it accords to its own investors or to investors of any third State, whichever is more favourable to the investors concerned.

3. Neither Contracting Party shall in its territory impose mandatory measures on investments by investors of the other Contracting Party, concerning the purchase of materials, means of production, operation, transport, marketing of its products or similar orders having unreasonable or discriminatory effects. This paragraph shall not apply to measures taken in accordance with the laws and regulations in the Course of government procurement of goods and services at any level of the government of the Contracting Party.

4. Notwithstanding any other bilateral investment agreement 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 paragraph 1 and 2 of this Article shall not be construed so as to oblige one Contracting Party to extend to the investors of the other Contracting Party the benefit of any treatment, preference or privilege which may be extended by the former Contracting Party by virtue of: any existing or future customs union or economic or monetary union, free trade area or similar international agreements to which either of the Contracting Party is or may become a party in the future; any international agreement or arrangement, wholly or partially related to taxation.

ARTICLE 5 **Compensation for losses**

Investors of one of the Contracting Party who suffer any losses in their investments in the territory of the other Contracting Party as a result of a war or any other armed conflict, revolution, state of national emergency, rebellion, insurrection or mutiny in the territory of the other Contracting Party, shall receive in respect of restitution, compensation, indemnification or other compensatory damages, a treatment no less favorable than that accorded to their own investors or to investors of other States in similar circumstances.

ARTICLE 6 **Expropriation and compensation**

1. Neither Contracting Party shall, directly or indirectly adopt, measures of expropriation, nationalization or any other measure of the same nature or effect, against the investments of investors of the other Contracting Party, except for reasons of public interest, and to the condition that such measures are non-discriminatory and give place to the prior payment of a fair compensation, in accordance with current legal provisions and under due process of law.



2. In case of an expropriation, an agreement must be reached as to the value of compensation between the investor and the Contracting Party, taking into account market value criteria of the investment before the public announcement or notice of expropriation has been served. If an agreement is not reached, it shall be resolved by a judicial proceeding in the country where the investment has been made and where the expropriation has taken place.

Such compensation, in whose territory the investment is made, shall be paid promptly in convertible currency on the basis of the rate of exchange existing for that currency on the valuation date and shall include interest for late payment according to the information provided by the Central Bank of the Contracting Party of the corresponding interest rate at the time the compensation payment was due. The Government assets of a Contracting Party shall be immune from nationalization, expropriation, blocking or freezing.

The Government assets shall not be subjected to the above mentioned measures under any request by a third party.

ARTICLE 7 **Transfers**

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

- a) Income;
- b) Amortizations of loans linked to an investment;
- c) Amounts intended to cover expenses related to the administration of investments;
- d) The additional contribution of necessary capital for the maintenance or development of investments;
- e) The product of sale or partial or total liquidation of an investment;
- f) The compensations and compensations provided for in Articles 6 and 7;
- g) Any preliminary payments that may have been made on behalf of the investor in accordance with Article 8 of this agreement.
- h) Expansive reinvestments.

2. The aforementioned transfers shall 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 the current legislation on the exchange rate policy in force 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 prevent temporarily a transfer in order to protect the rights of creditors or ensure compliance with final decisions issued in administrative, judicial or arbitral proceedings, through an application equitable, non-discriminatory and of good faith basis of its laws and regulations, relating to:



- a) Bankruptcy or insolvency;
- b) Criminal offenses;
- c) Guarantee of compliance with the orders or rulings in judicial proceedings;
- 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. Where a Contracting Party or one of its authorized agencies have agreed a guarantee or insurance to cover non-commercial risks in relation to an investment made by one of their 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 that are recognized by the law of the receiving party, provided that the first Contracting Party has made a payment under that guarantee and other Contracting Party expresses its agreement.

2. Notwithstanding paragraph 1 of this Article, subrogation shall take place in the Contracting Party only after the approval of the competent authority of that Contracting Party.

ARTICLE 9 **Settlement of disputes between a Contracting Party and an Investor of the other Contracting Party**

1. Any dispute relating to the provisions of this Agreement in respect of an investment between an investor of a Contracting Party and the other Contracting Party shall, as far as possible, be settled by friendly consultations.

2. If these consultations do not allow the dispute to be resolved within a period of six months, from the date of written notification, either party may submit the dispute to:

- a) The national jurisdiction of the Contracting Party, in the territory of which the investment was made; or
- b) International arbitration. In the latter case the parties shall have the following options to submit the dispute to:
 - i. The International Center for the Arrangement of Differences Relating to Investments (I.C.S.I.D), established by the Convention on the Settlement of Disputes between States and Nationals of Other States, opened for signature at Washington, DC, on March, 18 1965; or
 - ii. An Ad Hoc court that shall be established under arbitration rules of the Commission of the United Nations on International Trade Law (UNCITRAL).



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

4. The Contracting Party which is a part of a dispute, at any time during 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, on the basis of this Agreement and other relevant agreements between the Contracting Parties, decide; in terms of any specific agreement that may be concluded in relation to the investment; in the law of the Contracting Party that is a part of the dispute, including its conflict of law; and in those principles and norms of the International Law that were applicable.

6. The court's decisions are final and binding on the parties in dispute. Each Contracting Party shall implement them in accordance with its existing legislation.

7. This Article shall not be applied if more than five years have elapsed from the date on which the investor first acquired, or should have first acquired, knowledge of the alleged breach and knowledge that the investor has incurred loss or damage thereby.

ARTICLE 10 **Special provisions**

Without prejudice to Article 4, if the provisions of the legislation of any Contracting Party or the obligations of international law existing or that are established in the future between Contracting Parties, in addition to this Agreement, contain general or special regulations, which shall be authorized the investments of investors of the other Contracting Party to a treatment more favorable than that provided for in this Agreement, such regulation shall take precedence over this Agreement.

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

ARTICLE 11 **Limitation of benefits**

1. Benefits of this Agreement shall not be available to an investor of a Contracting Party; if the main purpose of the acquisition of the nationality of that Contracting Party was to obtain benefits under this Agreement that would not otherwise be available to the investor.

2. Prior to 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 any substantial business activity at the home State.

4. Investor structures its investment, for instance through intermediary entities of a third country, with the sole purpose of benefiting from this Agreement.



ARTICLE 12
Application of the Agreement

This Agreement shall apply to investments made prior to or after the entry into force of this Agreement, but shall not apply to any investment dispute that may have arisen nor any claim that was settled before its entry into force.

ARTICLE 13
Consultations

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

ARTICLE 14
Term, duration and termination of the agreement

This Agreement shall enter into force thirty (30) days following the date of reception of the last written notification and through diplomatic channel, in which the Contracting Parties have notified each other that the constitutional procedures has been fulfilled with constitutional procedures necessary for its approval in their respective countries and shall remain in force for a period of 10 years.

In case that either of the Contracting Party decides to terminate this Agreement, shall be notified in writing and by the diplomatic channel, of its decision, to the other Contracting Party, at least twelve (12) months before the date of expiry of its current validity. Otherwise, this Agreement shall be extended indefinitely and in this stage the Contracting Parties may notify the decision to terminate this Agreement, at any time in writing and by diplomatic channels. Termination of this Agreement shall be effective, twelve (12) months after reception of written notice.

Regarding those investments made before the date of termination of this Agreement, Articles 1 to 11, precedents thereof, shall continue in force for a period of 10 years, from that date.

IN WITNESS WHEREOF, the undersigned, duly authorized to the effect of their own respective Governments, have signed this Agreement.

Done in Abu Dhabi on the 16th day of January 2017, in two original, in the Spanish, Arabic and English languages, all texts been equally authentic. In case of divergence of interpretation the English text shall prevail.

FOR THE REPUBLIC OF PARAGUAY

FOR THE UNITED ARAB EMIRATES