

INVESTMENT INCENTIVE AGREEMENT BETWEEN  
THE GOVERNMENT OF THE REPUBLIC OF PARAGUAY  
AND THE GOVERNMENT OF THE UNITED STATES OF AMERICA

The Government of the Republic of Paraguay and the Government of the United States of America;

Affirming their common desire to encourage economic activities in Paraguay which promote the development of the economic resources and productive capacities of Paraguay; and

Recognizing that this objective can be promoted through investment insurance (including reinsurance), loans and investment guaranties which are backed in whole or in part by the Government of the United States of America and provided by the Overseas Private Investment Corporation ("OPIC"), an agency of the Government of the United States of America;

Have agreed as follows:

ARTICLE 1

As used in this Agreement, the term "Coverage" shall refer to any investment insurance, reinsurance or investment guaranty which is provided by an Issuer in connection with a project in the territory of Paraguay, and the term "Issuer" shall refer to OPIC, any successor agency of the Government of the United States of America, and the agent of either.

ARTICLE 2

(a) (i) If the Issuer makes payment to any party insured or guarantied under Coverage, the Government of the Republic of Paraguay shall, subject to the provisions of Article 3 of this Agreement, recognize the transfer to the Issuer of any assets, including those in the form of investment as well as currency or credits, in connection with such payment, as well as the succession of the Issuer to any right, title, claim, privilege, or cause of action existing, or which may arise, in connection therewith.

(ii) If the Issuer, in the exercise of its rights as a creditor with respect to a loan made or guarantied, acquires any such assets or succeeds to any right, title, claim, privilege or cause of action, the Government of the Republic of Paraguay shall, subject to the provisions of Article 3 of this Agreement, recognize such acquisition or succession.

(b) The Issuer shall assert no greater rights than those of the party from whom such rights were acquired as described in paragraph (a) of this Article.

(c) The Issuer, as a development agency of the Government of the United States of America, shall not be subject to regulation under the laws of Paraguay applicable to insurance or financial organizations. The Issuer may register in the public registries of Paraguay any security interest or other document without any prior requirement otherwise applicable to such registration.

(d) Any payment or remittance made in connection with any Coverage provided or loan made or guaranteed by the Issuer shall be exempt from taxes, registration fees, contributions, and withholdings, of whatever nature, which are or may be imposed by or under the laws of Paraguay. The Issuer shall not be subject to such taxes, fees, contributions, or withholdings arising from Coverage, loans or related transactions, such as the taking or registration of security interests, or as a result of any transfer, succession, or other acquisition described in paragraph (a) of this Article. In all other cases, the fiscal treatment of transactions conducted by the Issuer in Paraguay shall be determined by applicable law or specific agreement between the Issuer and appropriate fiscal authorities of the Government of Paraguay.

### ARTICLE 3

To the extent that the laws of Paraguay partially or wholly invalidate or prohibit the transfer, succession or other acquisition, as described in Article 2(a) of this Agreement, of any interest in any property within the territory of Paraguay by the Issuer, the Government of the Republic of Paraguay shall permit the Issuer to make appropriate arrangements pursuant to which such interests are transferred to a person or entity permitted to own such interests under the laws of Paraguay.

### ARTICLE 4

(a) Amounts in the currency of Paraguay, including credits thereof, acquired by the Issuer in connection with payment to a party under Coverage shall be accorded treatment in the territory of Paraguay no less favorable as to use and conversion than the treatment to which such funds would be entitled in the hands of such party.

(b) Such amounts and credits may be transferred by the Issuer to any person or entity and upon such transfer shall be freely available for use by such person or entity in the territory of Paraguay in accordance with its laws.

(c) The provisions of this Article shall also apply to any amounts and credit in the currency of Paraguay which may be accepted by the Issuer in settlement of obligations with respect to loans made by the Issuer for projects in Paraguay.

### ARTICLE 5

(a) Any dispute between the Government of the Republic of Paraguay and the Government of United States of America regarding the application or interpretation of this Agreement or which, in the opinion of one of the Governments, presents a question of international law arising out of any project or activity for which Coverage

has been issued or a loan made shall be resolved, insofar as possible, through negotiations between the two Governments. If, at the end of six months following the request for negotiations, the two Governments have not resolved the dispute by agreement, the dispute, including the question of whether such dispute presents a question of international law, shall be submitted, at the initiative of either Government, to an arbitral tribunal for resolution in accordance with paragraph (b) of this Article.

(b) The arbitral tribunal referred to in paragraph (a) of this Article, shall be established and function as follows:

(i) Each Government shall appoint one arbitrator; these two arbitrators shall, by agreement, designate a president of the arbitral tribunal who shall be a citizen of a third state and whose appointment shall be subject to acceptance by the two Governments. The arbitrators shall be appointed within three months and the president within six months of the date of receipt of either Government's request for arbitration. If the appointments are not made within the foregoing time limits, either Government may, in the absence of any other agreement, request the Secretary-General of the International Centre for the Settlement of Investment Disputes to make the necessary appointment or appointments, and both Governments agree to accept such appointment or appointments.

(ii) The arbitral tribunal shall base its decision on the applicable principles and rules of international law. The arbitral tribunal shall decide by majority vote. Its decision shall be final and binding.

(iii) During the proceedings, each of the Governments shall pay the expense of its arbitrator and of its representation in the proceedings before the arbitral tribunal, whereas the expenses of the president and other costs of arbitration shall be paid in equal parts by the two Governments. In its award, the arbitral tribunal may, in its discretion, reallocate expenses and costs between the two Governments.

(iv) In all other matters, the arbitral tribunal shall regulate its own procedures.

(c) Nothing in this Agreement shall limit the right of either Government to exercise any right under international law in its sovereign capacity.

#### ARTICLE 6

(a) This Agreement shall enter into force on the date on which the Government of the Republic of Paraguay notifies the Government of the United States of America that all necessary legal requirements for entry into force of this Agreement have been fulfilled.

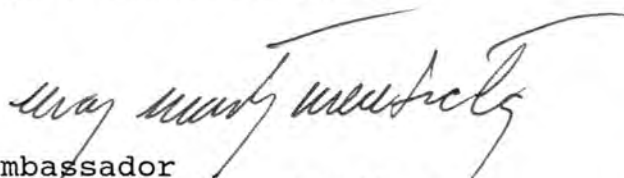
(b) Upon its entry into force, this Agreement shall replace and supersede the agreement on investment guaranties signed at Asuncion on October 28, 1955, as amplified by the agreement signed at Asuncion on August 11, 1966, and any matter relating to Coverage or otherwise pending under such agreement shall be treated or disposed

(c) This Agreement shall continue in force until the expiration of twelve months from the date on which either Government shall have given written notice of termination of this Agreement to the other. However, the provisions of this Agreement shall continue to apply with respect to Coverage issued or loans made at any time before the termination of this Agreement.

DONE at Asunción, on the 24th day of September, 1992, in duplicate, in the Spanish and English languages, both texts being equally authentic.

FOR THE GOVERNMENT OF THE  
THE REPUBLIC OF PARAGUAY

FOR THE GOVERNMENT OF  
THE UNITED STATES OF AMERICA



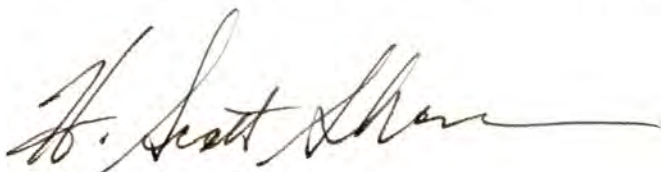
Ambassador  
Marcos Martinez Mendieta  
Acting Minister of  
Foreign Relations



Jon D. Glassman  
Ambassador  
of the United States of America



Dr. Ubaldo Scavone  
Minister of Industry  
and Commerce



H. Scott Shore  
Vice President for  
Investment Development  
OPIC

