AGREEMENT
BETWEEN
THE GOVERNMENT OF THE REPUBLIC OF BULGARIA
AND
THE GOVERNMENT OF THE REPUBLIC OF ARGENTINA
ON THE PROMOTION AND RECIPROCAL PROTECTION OF INVESTMENTS

The Government of the Republic of Bulgaria and the Government of the Republic of Argentina, hereinafter referred to as the "Contracting Parties",

Desiring to intensify economic cooperation between both countries,

Aiming at creating favourable conditions for investments by investors of one Contracting Party in the territory of the other Contracting Party,

Recognizing that the reciprocal promotion and protection of such investments on the basis of an agreement will be conducive to the stimulation of initiatives in this field and will increase prosperity in both States.

Have agreed as follows:

ARTICLE 1

Definitions

For the purposes of this Agreement:

(1) The term "investment" shall mean, in conformity with the laws and regulations of the Contracting Party in whose territory the investment is made, every kind of asset invested by an investor of one Contracting Party in the territory of the other Contracting Party, in accordance with the latter's laws, and in particular:

(a) movable and immovable property as well as any other property rights, such as mortgages, liens and pledges;

(b) shares, stock or other securities materializing participation in companies;

(c) claims to money and to any perfomance having an economic value; loans only being included when they are directly related to a specific investment;

(d) intellectual property rights including in particular copyrights, patents, industrial designs, trademarks, trade names, technological processes, know-how and goodwill;

(e) business concessions conferred by law or under contract or administrative act of State authority, including concessions for research, extraction, cultivation or exploitation of natural resources.

This Agreement shall apply to all investments, whether made before or after the date of entry into force of this Agreement, but the provisions of this Agreement shall not apply to any dispute, claim or difference which has arisen before its entry into force.

No subsequent change in the legal form in which the assets have been invested or reinvested shall affect their qualification as investments according to this Agreement.

(2) The term "investor" shall mean:

(a) any natural person who is a national of a Contracting Party in accordance with its laws;

(b) any company, firm, partnership, organization or association with or without juridical personality, incorporated or constituted in accordance with the laws and regulations of either Contracting Party and having its seat in the territory of that Contracting Party;

(3) The provisions of this Agreement shall not apply to the investments made by natural persons who are nationals of one Contracting Party in the territory of the other Contracting Party if such persons have, at the time of the investment, been domiciled in the latter Contracting Party for more than two years, unless it is proved that the investment was admitted into its territory from abroad.

(4) The term "returns" shall mean all amounts yielded by an investment such as profits, dividends, interests, royalties and other lawful income.

(5) The term "territory" shall mean the territory under the sovereignity of the Republic of Bulgaria, on the one hand, and the Republic of Argentina, on the other hand, including the territorial sea, as well as the continental shelf and the exclusive economic zone over which the respective State exercises sovereign rights or jurisdiction in conformity with international law.

ARTICLE 2

Promotion and Protection of investments

(1) Each Contracting Party shall permit and treat investments and activities associated therewith, on a basis no less favourable than that accorded in like situations to investments or associated activities of its own investors or of investors of any third State, subject to the right of each Contracting Party to make or maintain limited exceptions to

national treatment falling within one of the sectors or matters listed in the Protocol to this Agreement. Any future exception by either Contracting Party shall not apply to investments existing in that sector or matter at the time the exception becomes effective.

(2) In case of reinvestment of the returns from an investment, these reinvestments and their returns shall enjoy the same protection as the initial investment.

(3) Each Contracting Party shall consider favourably and in compliance with its laws and regulations, questions concerning the entry, stay and movement in its territory of nationals of the other Contracting Party who carry out activities connected with the investments as defined in the present Agreement and of the members of their families forming part of their household.

(4) Each Contracting Party shall at all times ensure fair and equitable treatment of the investments made by investors of the other Contracting Party and shall not impair the management, maintenance, use, enjoyment or disposal thereof through unjustified or discriminatory measures.

ARTICLE 3

Exceptions to the Most-Favoured-Nation Treatment

The provisions of Paragraph (1) of Article 2 of this Agreement shall not be construed so as to oblige one of the Contracting Parties to extend to investors of the other Contracting Party the benefit of any treatment, preference or privilege resulting from:

a) its membership in, or association with a free trade area, customs union, common market or similar institutions;

b) an international agreement relating wholly or mainly to taxation.

ARTICLE 4

Expropiation

Neither of the Contracting Parties shall take any measure of nationalization or expropriation or any other measure having the same effect against investments in its territory belonging to investors of the other Contracting Party, unless the measures are taken in the public interest, on a non discriminatory basis and under due process of law. The measures shall be accompanied by provisions for the payment of prompt, adequate and effective compensation. Such compensation shall amount to the market value of the expropriated investment immediately before the expropriation or before the impending expropriation became public

knowledge, shall include interest from the date of expropriation at the normal commercial rate prevailing in the territory of the Contracting Party where the investment has been made, shall be paid without delay and shall be effectively realizable and freely transferable.

ARTICLE 5

Compensation for losses

Investors of either Contracting Party who suffer losses of their investments in the territory of the other Contracting Party due to war or other armed conflict, a state of national emergency, revolt, insurrection or riot shall be accorded, with respect to restitution, indemnification, compensation or other settlement, a treatment which is no less favourable than that accorded to its own investors or to investors of any third State.

ARTICLE 6

Transfers

(1) Each Contracting Party shall grant to investors of the other Contracting Party the unrestricted transfer of all payments related to an investment and in particular:

(a) the capital and additional amounts intended to maintain or increase the investments;

(b) returns of an investment;

(c) funds in repayment of loans as defined in Article 1, paragraph (1), c);

(d) fees and other expenses;

(e) the proceeds from a total or partial sale or liquidation of an investment;

(f) compensations provided for in Articles 4 and 5;

(g) the earnings of nationals of one of the Contracting Parties who are allowed to work in connection with an investment in the territory of the other Contracting Party.

(2) Transfers shall be effected without delay, after the fulfillment of the tax obligations, in freely convertible currency, at the normal prevailing exchange rate at the date of the transfer, in accordance with the procedures established by the Contracting Party in whose territory the investment was made, which shall not affect the rights set forth in this Article.

ARTICLE 7

Subrogation

(1) If a Contracting Party or an agency designated by it makes a payment to any of its investors under a guarantee or insurance it has contracted in respect of an investment, the other Contracting Party shall recognize the validity of the subrogation in favor of the former Contracting Party or its designated agency to any right or title held by the investor. The Contracting Party or its designated agency shall, within the limits of subrogation, be entitled to exercise the same rights which the investor would have been entitled to exercise to the same extent as the party indemnified and subject to the same obligations which can be valuated connected with those rights.

(2) In the case of subrogation as defined in paragraph (1) above, the investor shall not pursue a claim unless authorized to do so by the Contracting Party or its designated agency.

ARTICLE 8

Application of other rules

The present Agreement shall not derogate from:

(a) laws and regulations, administrative practices or procedures, or administrative or adjudicatory decisions of either Contracting Party;

(b) international legal obligations; or

(c) obligations assumed by either Contracting Party, including those contained in an investment agreement or an investment authorization,

that entitle investments or associated activities to treatment more favourable than that accorded by this Agreement in like situations.

ARTICLE 9

Settlement of Disputes between the Contracting Parties

(1) Disputes between the Contracting Parties concerning the interpretation or application of this Agreement shall, if possible, be settled through the diplomatic channel.

(2) If a dispute between the Contracting Parties cannot thus be settled within six months from the beginning of the negotiations, it shall upon the request of either Contracting Party be submitted to an arbitral tribunal.

(3) Such an arbitral tribunal shall be constituted for each individual case in the following way. Within three months of the receipt of the request for arbitration, each Contracting Party shall appoint one member of the tribunal. Those two members shall then select a national of a third State who on approval by the two Contracting Parties shall be appointed Chairman of the tribunal. The Chairman shall be appointed within two months from the date of appointment of the other two members.

(4) If within the periods specified in Paragraph (3) of this Article the necessary appointments have not been made, either Contracting Party may, in the absence of any other agreement, invite the President of the International Court of Justice to make any necessary appointments. If the President is a national of either Contracting Party or if he is otherwise prevented from discharging the said function, the Vice President shall be invited to make the necessary appointments. If the Vice-President is a national of either Contracting Party or if he too is prevented from discharging the said 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 necessary appointments.

(5) The arbitral tribunal shall reach its decision by a majority of votes. Such decision shall be binding on both Contracting Parties. Each Contracting Party shall bear the cost of its own member of the tribunal and of its representation in the arbitral proceedings; the cost of the Chairman and the remaining costs shall in principle be borne in equal parts by the Contracting Parties. The tribunal shall determine its own procedure.

ARTICLE 10

Settlement of Disputes between an investor and a Contracting Party

(1) Any dispute which arises within the terms of this Agreement concerning an investment between an investor of one Contracting Party and the other Contracting Party shall, if possible, be settled amicably.

The denial of an investment authorization shall not itself constitute a dispute between an investor and a Contracting Party.

(2) If the dispute cannot thus be settled within six months following the date on which the dispute has been raised by either party, it may be submitted, upon request of the investor, either to:

- the competent tribunal of the Contracting Party in whose territory the investment was made;

- international arbitration according to the provisions of Paragraph (3).

Where an investor has submitted a dispute to the aforementioned competent tribunal of the Contracting Party where the investment has been made or to international arbitration, this choice shall be final.

(3) In case of international arbitration, the dispute shall be submitted, at the investor's choice, either to:

- The international Centre for the Settlement of Investment Disputes (ICSID) created by the Convention on the Settlement of Investment Disputes between States and National of other States opened for signature in Washington on 18 March 1965, once both Contracting Parties herein become members thereof. As far as this provision is not complied with, each Contracting Party consents that the dispute be submitted to arbitration under the regulations of the ICSID Additional Facility for the Administration of Conciliation, Arbitration and Fact-Finding Proceedings, or

- an arbitration tribunal set up from case to case in accordance with the Arbitration Rules of the United Nations Commission on International Trade Law (UNCITRAL).

(4) The arbitration tribunal shall decide in accordance with the provisions of this Agreement, the laws of the Contracting Party involved in the dispute, including its rules on conflict of law, the terms of any specific agreement concluded in relation to such an investment and the relevant principles of international law.

(5) The arbitral decisions shall be final and binding for the parties in the dispute. Each Contracting Party shall execute them in accordance with its laws.

Article 11

Consultations

Each Contracting Party may propose to the other Contracting Party to enter into consultations concerning all questions related to the application or interpretation of the present Agreement. The other Contracting Party shall make the necessary steps for holding such consultations.

Article 12

Entry into force, duration and termination

(1) This Agreement is subject to ratification. It shall enter into force on the date of exchange of ratification instruments. It shall remain in force for a period of 10 years. Thereafter it shall remain in force until the expiration of twelve months from the date that either Contracting Party in writing notifies the other Contracting Party of its decision to terminate this Agreement.

(2) In respect of investments made prior to the date when the notice of termination of this Agreement becomes effective, the provisions of Articles 1 to 11 shall remain in force for a further period of ten years from that date.

Done at Buenos Aires, on September 21, 1993, in duplicate, in the Bulgarian,Spanish and English languages, both texts being equally authentic. However, in case of divergence of interpretation, the English text shall prevail.

For the Government of
the Republic of Bulgaria

VALENTIN KARABASHEV

For the Government of
the Argentine Republic

FERNANDO PETRELLA

PROTOCOL

On signing the Agreement between the Government of the Republic of Bulgaria and the Government of the Republic of Argentina on the Promotion and Reciprocal Protection of Investments, the undersigned have agreed on the following provisions, which constitute an integral part of the said Agreement.

A. With reference to Article 2, Paragraph (1):

- the Republic of Argentina reserves the right to make or maintain limited exceptions to national treatment in the following sectors or matters:

real estate in the border areas; air transportation; ship building; nuclear energy centers; uranium mining; insurance; mining; fishing.

- the Republic of Bulgaria reserves the right to make or maintain limited exceptions to national treatment in the following sectors or matters:

insurance; ownership of real estate; leases of farm land and forest land; rail transportation; governmental subsidies, insurance and loan programs; energy and power production; customs brokers; use of land natural resources and mining; dealership in government securities.

B. With reference to Article 3:

The provisions of Paragraph (2) of this Article shall neither be construed so as to extend to investors of the other Contracting Party the benefit of any treatment, preference or privilege resulting from the bilateral agreements providing for concessional financing concluded by the Republic of Argentina with the Republic of Italy on 10 December 1987 and with the Kingdom of Spain on 3rd. June 1988, while they are applicable.

Done at Buenos Aires on Septembrer 21, 1993, in duplicate, in the Spanish, Bulgarian and English languages, both texts being equally authentic. However, in case of any divergence of interpretation the English text shall prevail.

FOR THE GOVERNMENT OF THE REPUBLIC OF BULGARIA

FOR THE GOVERNMENT OF THE ARGENTINE REPUBLIC