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Argentina Bilateral Investment Treaty

Signed November 14, 1991; Entered into Force October 20, 1994

103rd Congress 1st Session 103-2

SENATE Treaty Doc.

TREATY WITH ARGENTINA CONCERNING THE RECIPROCAL ENCOURAGEMENT AND PROTECTION OF INVESTMENT

MESSAGE FROM THE PRESIDENT OF THE UNITED STATES

TRANSMITTING

THE TREATY BETWEEN THE UNITED STATES OF AMERICA AND THE ARGENTINE REPUBLIC CONCERNING THE RECIPROCAL ENCOURAGEMENT AND PROTECTION OF INVESTMENT, WITH PROTOCOL, SIGNED AT WASHINGTON ON NOVEMBER 14, 1991; AND AN AMENDMENT TO THE PROTOCOL EFFECTED BY EXCHANGE OF NOTES AT BUENOS AIRES ON AUGUST 24 AND NOVEMBER 6, 1992

JANUARY- 21, 1993 -Treaty was read the first time and, together with the accompanying papers, referred to the Committee on Foreign Relations and ordered to be printed for the use of the Senate

U.S. GOVERNMENT PRINTING OFFICE

69-118 WASHINGTON: 1993

LETTER OF TRANSMITTAL

The White House, January 19,1993.

To the Senate of the United States:

With a view to receiving the advice and consent of the Senate to ratification, I transmit herewith the Treaty Between the United States of America and the Argentine Republic Concerning the Reciprocal Encouragement and Protection of Investment, with Protocol, signed at Washington on November 14, 1991; and an amendment to the Protocol effected exchange of notes at Buenos Aires on August 24 and November 6, 1992. I transmit also, for the information of the Senate, the report of the Department of State with respect this treaty.

This is the first bilateral investment treaty with a Latin American country to be transmitted to the Senate since the announcement of my Enterprise for the Americas Initiative in June 1990. The treaty is designed to protect U.S. investment and encourage private sector development in Argentina and to support the economic reforms taking place there. The treaty's standstill and rollback of Argentina's trade-distorting performance requirements are precedent setting steps in opening markets for U.S. exports. In this regard, as well as in its approach to dispute settlement, the treaty will serve as a model for our negotiations with other South America countries.

The treaty is fully consistent with U.S. policy toward international investment. A specific tenet, reflected in this treaty, is that U.S. investment abroad and foreign investment in the United States should receive fair, equitable, and nondiscriminatory treatment. Under this treaty, the Parties agree to international law standards for expropriation and expropriation compensation; free transfers of funds associated with investment; and the option of the investor to resolve disputes with the host government through international arbitration.

I recommend that the Senate consider this treaty as soon as possible and give its advice and consent to ratification of the treaty, with protocol, as amended, at an early date.

George Bush

LETTER OF SUBMITTAL

Department of State,

Washington, January 13, 1993

9300570

The President

The White House.

The President: I have the honor to submit to you the Treaty between the United States of America and the Argentine Republic concerning the Reciprocal Encouragement and Protection of Investment, with Protocol, signed at Washington on November 14, 1991; and an amendment to the Protocol effected by exchange of notes at Buenos Aires on August 24 and November 6, 1992. I recommend that this treaty, with protocol, as amended, be transmitted to the Senate for its advise and consent to ratification.

The bilateral investment treaty (BIT) with Argentina represents an important milestone in the BIT program. It is the first BIT concluded with a Latin American country since the announcement of your Enterprise for the Americas Initiative in June 1990. Argentina, like many Latin American countries, has long subscribed to the Calvo Doctrine, which requires that aliens submit disputes arising in a country to that country's local courts. The conclusion of this treaty, which contains an absolute right to international arbitration of investment disputes, removes U.S. investors from the restrictions of the Calvo Doctrine and should help pave the way for similar agreements with other Latin American states.

By providing important protections to investors and creating more stable and predictable legal framework for investment, the BIT helps to encourage U.S. investment in the economies of its treaty partners. It is U.S. policy to advise potential treaty partners that conclusion of a BIT with the United States is an important and favorable factor for U.S. investors, but does not in and of itself result in immediate increases in private U.S. investment flows.

Argentina has signed BITs with several European countries, including France, as well as with Canada and Chile. The U.S. treaty, however, is more comprehensive than these other BITs.

The Office of the United States Trade Representative and the Department of State jointly lead BIT negotiations, with assistance from the Department of Commerce and Treasury. The United States has signed nineteen other BITs -- with Armenia, Bangladesh, Bulgaria, Cameroon, the Congo, the Czech and Slovak Federal Republic, Egypt, Grenada, Haiti, Kazakhstan, Morocco, Panama, Romania, the Russian Federation, Senegal, Sri Lanka, Tunisia, Turkey, and Zaire -- and a business and economic relations treaty with Poland, which contains the BIT elements.

THE UNITED STATES-ARGENTINA TREATY

The Argentina treaty satisfies the main BIT objectives, which are:

Investment or nationals and companies of one Party is the territory of the other Party (investments) receive the better of the treatment accorded to domestic investments in like circumstances (national treatment), or the treatment accorded to third country investments in like circumstances (most-favored nation (MFN) treatment), both on establishment and thereafter, subject to certain specified exceptions; Investments are guaranteed freedom from performance requirements, such as obligations to use local products or to export goods; Companies which are investments may hire top managers of their choice, regardless of nationality; Expropriation can occur only in accordance with international law standards: in a non-discriminatory manner, for a public purpose; and upon payment of prompt, adequate, and effective compensation; Investment-related funds are guaranteed unrestricted transfer in a freely usable currency; and; Nationals and companies of either Party, and

their investments have access to binding international arbitration in investment disputes with the host government, without first resorting to domestic courts.

As does the model BIT, the Argentina treaty allows sectoral exceptions to national and MFN treatment, as set forth in protocol to the treaty. The U.S. exceptions are designed to protect governmental regulatory interests and to accommodate the derogations from national treatment and, in some cases, MFN treatment in existing state or federal law.

Sectors and matters which the U.S. excepts from national treatment are air transportation; ocean and coastal shipping; banking; insurance; energy and power production; custom house brokers; ownership and operation of broadcast or common carrier radio and television stations; ownership of real property; ownership of shares in the Communications Satellite Corporation; the provision of common carrier telephone and telegraph services; the provision of submarine cable services; and use of land and natural resources. The United States also reserves the right to make or maintain limited exceptions to national treatment with respect to certain programs involving government grants, loans and insurance.

U.S. exceptions from both national and MFN treatment which are based on reciprocity and mining on the public domain; maritime services and maritime-related services; and primary dealership in United States government securities.

The Argentine exceptions to national treatment are real estate in the Border Areas; air transportation; shipbuilding; nuclear energy centers; uranium mining; insurance; and fishing. "Mining" was included in Argentina's list of national treatment exceptions at the time the treaty was signed but was deleted by an amendment effected by exchange of notes August 24 and November 6, 1992. This will ensure that treaty protections will be extended to an additional sector of significant commercial interest of U.S. investors. In no sectors of the Argentine economy are these restrictions on MFN treatment to be accorded to U.S. investments.

Regarding the obligation not to impose performance requirements, the Argentine treaty contains a protocol provision which recognizes that Argentina currently maintains performance requirements in the automotive industry. These performance requirements may not be intensified, and Argentina undertakes to exert its best efforts to eliminate them within the shortest possible period, and will ensure their elimination no later than eight years from the entry into force of the treaty. Pending such elimination, Argentina undertakes that these performance requirements shall not be applied in a manner that places existing investments at a competitive disadvantage to any new entrants in this industry.

Achieving such a roll-back of existing performance requirements is a landmark accomplishment and should serve as a model for agreements with other countries which maintain analogous requirements.

The treaty with Argentina addresses, for the first time in the U.S. BIT program, debt-equity conversion programs, under which an investor purchases debt of a country at a discount and receives local currency in an amount equivalent to the debt's face value. These programs normally require that the investor postpone repatriating the local currency obtained in the conversion. Investors may choose to enter into such programs because they obtain more local currency than they than they otherwise would receive for a given amount of foreign exchange. The treaty's protocol provides that any deferral of transfers agreed to under debt-equity conversion programs would not be superseded by the treaty's guarantee of transfers without delay. This provision in the protocol was added at the suggestion of the United States. The United States ha been generally supportive of debt-equity conversion programs as part of the overall solution to the debt problem and has considered them to be an important element in commercial bank financing programs which reduce debt and debt service.

The treaty's protocol also provides that, to the extent of any inconsistency between this treaty and the 1854 friendship, commerce, and navigation treaty between the Parties, which is still in force, the BIT shall prevail. This provision was added at the behest of the United States in order to override Article IX of the 1854 treaty, which gives Argentine citizens national treatment with respect to real estate ownership in the United States. The BIT will place Argentine citizens on the same plane as other foreign nationals in this regard.

The BIT with Argentina provides that an investment dispute between a Party and a national or company of the other Party, including a dispute involving an investment authorization or the interpretation of an investment agreement, may be submitted to international arbitration six months after the dispute arose. Exhaustion of local remedies is not required. The treaty identifies several different procedures for arbitration, at the investor's option: the International Centre for the Settlement of Investment Disputes ("ICSID:), upon Argentina's adherence to the ICSID Convention; the ICSID Additional Facility, if ICSID is not available, or ad hoc arbitration under the Arbitration Rules of the United Nations Commission on International Trade Law (UNCITRAL).

The other U.S. Government agencies which negotiated the treaty concur in my recommendations that it be transmitted to the Senate at an early date.

Respectfully submitted,

Arnold Kantor

Acting Secretary

TREATY BETWEEN

UNITED STATES OF AMERICA AND

THE ARGENTINE REPUBLIC

CONCERNING THE RECIPROCAL ENCOURAGEMENT

AND PROTECTION OF INVESTMENT

The United States of America and the Argentine Republic, hereinafter referred to as the Parties;

Desiring to promote greater economic cooperation between them, with respect to investment by nationals and companies of one Party in the territory of the other Party;

Recognizing that agreement upon the treatment to be accorded such investment will stimulate the flow of private capital and the economic development of the Parties;

Agreeing that fair and equitable treatment of investment is desirable in order to maintain a stable framework for investment and maximum effective use of economic resources;

Recognizing that the development of economic and business ties can contribute to the well-being of workers in both Parties and promote respect for internationally recognized worker rights; and

having resolved to conclude a Treaty concerning the encouragement and reciprocal protection of investment;

Have agreed as follows:

ARTICLE I

1. For the purposes of this Treaty,

a) "investment" means every kind of investment in the territory of one Party owned or controlled directly or indirectly by nationals or companies of the other Party, such as equity, debt, and service and investment contracts; and includes without limitation:

(i) tangible and intangible property, including rights, such as mortgages, liens and pledges;

(ii) a company or shares of stock or other interests in a company or interests in the assets thereof;

(iii) a claim to money or a claim to performance having economic value and directly related to an investment;

(iv) intellectual property which includes, inter alia, rights relating to: literary and artistic works, including sound recordings, inventions in all fields of human endeavor, industrial designs, semiconductor mask works, trade secrets, know-how, and confidential business information, and trademarks, service marks, and trade names; and

(v) any right conferred by law or contract, and any licenses and permits pursuant to law;

b) "company" of a Party means any kind of corporation, company, association, state enterprise, or other organization, legally constituted under the laws and regulations of a Party or a political subdivision thereof whether or not organized for pecuniary gain, and whether privately or governmentally owned;

c) "national" of a Party means a natural person who is a national of a Party under its applicable law;

d) "return" means an amount derived from or associated with an investment, including profit; dividend; interest; capita gain; royalty payment; management, technical assistance or other fee; or returns in kind;

e) "associated activities" include the organization, control, operation, maintenance and disposition of companies, branches, agencies, offices, factories or other facilities for the conduct of business; the making, performance and enforcement of contracts; the acquisition, use, protection and disposition of property of all kinds including intellectual and industrial property rights; and the borrowing of funds, the purchase, issuance, and sale of equity shares and other securities, and the purchase of foreign exchange for imports.

f) "territory" means the territory of the United States or the Argentine Republic, including the territorial sea established in accordance with international law as reflected in the 1982 United Nations Convention on the Law of the Sea. This Treaty also applies in the seas and seabed adjacent to the territorial sea in which the United States or the Argentine Republic has sovereign rights or jurisdiction in accordance with international law as reflected in the 1982 United Nations Convention on the Law of the Sea.

2. Each Party reserves the right to deny to any company of the other Party the advantages of this Treaty if (a) nationals of any third country, or nationals of such Party, control such company and the company has no substantial business activities in the territory of the other Party, or (b) the company is controlled by nationals of a third country with which the denying Party does not maintain normal economic relations.

3. Any alteration of the form in which assets are invested or reinvested shall not affect their character as investment.

ARTICLE II

1. Each Party shall permit and treat investment, and activities associated therewith, on a basis no less favorable than that accorded in like situations to investment or associated activities of its own nationals or companies, or of nationals or companies of any third country, whichever is the more favorable, subject to the right of each Party to make or maintain exceptions falling within one of the sectors or matters listed in the Protocol to this Treaty. Each Party agrees to notify the other Party before or on the date of entry into force of this Treaty of all such laws and regulations of which it is aware concerning the sectors or matters listed in the Protocol. Moreover, each Party agrees to notify the other of any future exception with respect to the sectors or matters listed in the Protocol, and to limit such exceptions to a minimum. Any future exception by either Party shall not apply to investment existing in that sector or matter at the time the exception becomes effective. The treatment accorded pursuant to any exceptions shall, unless specified otherwise in the Protocol, be not less favorable than that accorded in like situations to investments and associated activities of nationals or companies of any third country.

2. a) Investment shall at all times be accorded fair and equitable treatment, shall enjoy full protection and security and shall in no case be accorded treatment less than that required by international law.

b) Neither Party shall in any way impair by arbitrary or discriminatory measures the management, operation, maintenance, use, enjoyment, acquisition, expansion, or disposal of investments. For the purposes of dispute resolution under Articles VII and VIII, a measure may be arbitrary or discriminatory notwithstanding the opportunity to review such measure in the courts or administrative tribunals of a Party.

c) Each Party shall observe any obligation it may have entered into with regard to investments.

3. Subject to the laws relating to the entry and sojourn of aliens, nationals of either Party shall be permitted to enter and to remain in the territory of the other Party for the purpose of establishing, developing, administering

or advising on the operation of an investment to which they, or a company of the first Party that employs them, have committed or are in the process of committing a substantial amount of capital or other resources.

4. Companies which are legally constituted under the applicable laws or regulations of one Party, and which are investments, shall be permitted to engage top managerial personnel of their choice, regardless of nationality.

5. Neither Party shall impose performance requirements as a condition of establishment, expansion or maintenance of investments, which require or enforce commitments to export goods produced, or which specify that goods or services must be purchased locally, or which impose any other similar requirements.

6. Each Party shall provide effective means of asserting claims and enforcing rights with respect to investments, investment agreements, and investment authorizations.

7. Each Party shall make public all laws, regulations, administrative practices and procedures, and adjudicatory decisions that pertain to or affect investments.

8. The treatment accorded by the United States of America to investments and associated activities of nationals and companies of the Argentine Republic under the provisions of this Article shall in any State, Territory or possession of the United States of America be no less favorable than the treatment accorded therein to investments and associated activities of nationals of the United States of America resident in, and companies legally constituted under the laws and regulations of, other States, Territories or possessions of the United States of America.

9. The most favored nation provisions of this Article shall not apply to advantages accorded by either Party to nationals or companies of any third country by virtue of that Party's binding obligations that derive from full membership in a regional customs union or free trade area, whether such an arrangement is designated as a customs union, free trade area, common market or otherwise.

ARTICLE III

This Treaty shall not preclude either Party from prescribing laws and regulations in connection with the admission of investments made in its territory by nationals or companies of the other Party or with the conduct of associated activities, provided, however, that such laws and regulations shall not impair the substance of any of the rights set forth in this Treaty.

ARTICLE IV

1. Investments shall not be expropriated or nationalized either directly or indirectly through measures tantamount to expropriation or nationalization ('expropriation-) except for a public purpose; in a non-discriminatory manner; upon payment of prompt, adequate and effective compensation; and in accordance with due process of law and the general principles of treatment provided for in Article II (2) Compensation shall be equivalent to the fair market value of the expropriated investment immediately before the expropriatory action was taken or became known, whichever is earlier; be paid without delay; include interest at a commercially reasonable rate from the date of expropriation; be fully realizable; and be freely transferable at the prevailing market rate of exchange on the date of expropriation.

2. A national or company of either Party that asserts that all or part of its investment has been expropriated shall have a right to prompt review by the appropriate judicial or administrative authorities of the other Party to determine whether any such expropriation has occurred and, if so, whether such expropriation, and any compensation therefore, conforms to the provisions of this Treaty and the principles of international law.

3. Nationals or companies of either Party whose investments suffer losses in the territory of the other Party owing to war or other armed conflict, revolution, state of national emergency, insurrection, civil disturbance or other similar events shall be accorded treatment by such other Party no less favorable than that accorded to its own nationals or companies or to nationals or companies of any third country, whichever is the more favorable treatment, as regards any measures it adopts in relation to such losses.

ARTICLE V

1. Each Party shall permit all transfers related to an investment to be made freely and without delay into and out of its territory. Such transfers include: (a) returns; (b) compensation pursuant to Article IV; (c) payments arising out of an investment dispute; (d) payments made under a contract, including amortization of principal and accrued interest payments made pursuant to a loan agreement directly related to an investment; (e) proceeds from the sale or liquidation of all or any part of an investment; and (f) additional contributions to capital for the maintenance or development of an investment.

2. Except as provided in Article IV paragraph 1, transfers shall be made in a freely usable currency at the prevailing market rate of exchange on the date of transfer with respect to spot transactions in the currency to be transferred. The free transfer shall take place in accordance with the procedures established by each Party; such procedures shall not impair the rights set forth in this Treaty.

3. Notwithstanding the provisions of paragraphs 1 and 2, either Party may maintain laws and regulations (a) requiring reports of currency transfer; and (b) imposing income taxes by such means as a withholding tax applicable to dividends or other transfers. Furthermore, either Party may protect the rights of creditors, or ensure the satisfaction of judgments in adjudicatory proceedings, through the equitable, nondiscriminatory and good faith application of its law.

ARTICLE VI

The Parties agree to consult promptly, on the request of either, to resolve any disputes in connection with the Treaty, or to discuss any matter relating to the interpretation or application of the Treaty.

ARTICLE VII

1. For purposes of this Article, an investment dispute is a dispute between a Party and a national or company of the other Party arising out of or relating to (a) an investment agreement between that Party and such national or company; (b) an investment authorization granted by that Party's foreign investment authority (if any such authorization exists) to such national or company; or (c) an alleged breach of any right conferred or created by this Treaty with respect to an investment.

2. In the event of an investment dispute, the parties to the dispute should initially seek a resolution through consultation and negotiation. If the dispute cannot be settled amicably, the national or company concerned may choose to submit the dispute for resolution:

(a) to the courts or administrative tribunals of the Party that is a party to the dispute; or

(b) in accordance with any applicable, previously agreed dispute-settlement procedures; or

(c) in accordance with the terms of paragraph 3.

3. (a) Provided that the national or company concerned has not submitted the dispute for resolution under paragraph 2 (a) or (b) and that six months have elapsed from the date on which the dispute arose, the national or company concerned may choose to consent in writing to the submission of the dispute for settlement by binding arbitration:

(i) to the International Centre for the Settlement of Investment Disputes ("Centre") established by the Convention on the Settlement of Investment Disputes between States and Nationals of other States, done at Washington, March 18, 1965 ("ICSID Convention"), provided that the Party is a party to such convention: or

(ii) to the Additional Facility of the Centre, if the Centre is not available; or

(iii) in accordance with the Arbitration Rules of the United Nations Commission on International Trade Law (UNICTRAL): or

(iv) to any other arbitration institution, or in accordance with any other arbitration rules, as may be mutually agreed between the parties to the dispute.

(b) Once the national or company concerned has so consented, either party to the dispute may initiate arbitration in accordance with the choice so specified in the consent.

4. Each Party hereby consents to the submission of any investment dispute for settlement by binding arbitration in accordance with the choice specified in the written consent of the national or company under paragraph 3. Such consent, together with the written consent of the national or company when given under paragraph 3 shall satisfy the requirement for:

(a) written consent of the parties to the dispute for purposes of Chapter II of the ICSID Convention (Jurisdiction of the Centre) and for purposes of the Additional Facility Rules; and

(b) an "agreement in writing" for purposes of Article II of the United Nations Convention on the Recognition and Enforcement of Foreign Arbitral Awards, done at New York, June 10, 1958 ("New York Convention").

5. Any arbitration under paragraph 3(a)(ii), (iii) or (iv) of this Article shall be held in a state that is a party to the New York Convention.

6. Any arbitral award rendered pursuant to this Article shall be final and binding on the parties to the dispute. Each Party undertakes to carry out without delay the provisions of any such award and to provide in its territory for its enforcement.

7. In any proceeding involving an investment dispute, a Party shall not assert, as a defense, counterclaim, right of set-off or otherwise, that the national or company concerned has received or will receive, pursuant to an insurance or guarantee contract, indemnification or other compensation for all or part of its alleged damages.

8. For purposes of an arbitration held under paragraph 3 of this Article, any company legally constituted under the applicable laws and regulations of a Party or a political subdivision thereof but that, immediately before the occurrence of the event or events giving rise to the dispute, was an investment of nationals or companies of the other Party, shall be treated as a national or company of such other Party in accordance with Article 25(2)(b) of the ICSID Convention.

ARTICLE VIII

1. Any dispute between the Parties concerning the interpretation or application of the Treaty which is not resolved through consultations or other diplomatic channels, shall be submitted, upon the request of either Party, to an arbitral tribunal for binding decision in accordance with the applicable rules of international law. In the absence of an agreement by the Parties to the contrary, the arbitration rules of the United Nations Commission on International Trade Law (UNCITRAL), except to the extent modified by the Parties or by the arbitrators, shall govern.

2. Within two months of receipt of a request, each Party shall appoint an arbitrator. The two arbitrators shall select a third arbitrator as Chairman, who is a national of a third State. The UNCITRAL Rules for appointing members of three member panels shall apply mutatis mutandis to the appointment of the arbitral panel except that the appointing authority referenced in those rules shall be the Secretary General of the Permanent Court of Arbitration.

3. Unless otherwise agreed, all submissions shall be made and all hearings shall be completed within six months of the date of selection of the third arbitrator, and the Tribunal shall render its decisions within two months of the date of the final submissions or the date of the closing of the hearings, whichever is later.

4. Expenses incurred by the Chairman, the other arbitrators, and other costs of the proceedings shall be paid for equally by the Parties.

ARTICLE IX

The provisions of Article VII and VIII shall not apply to a dispute arising (a) under the export credit, guarantee or insurance programs of the Export-Import Bank of the United States or (b) under other official credit, guarantee or insurance arrangements pursuant to which the Parties have agreed to other means of settling disputes.

ARTICLE X

This Treaty shall not derogate from:

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

(b) international legal obligations; or

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

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

ARTICLE XI

This Treaty shall not preclude the application by either Party of measures necessary for the maintenance of public order, the fulfillment of its obligations with respect to the maintenance or restoration of international peace or security, or the Protection of its own essential security interests.

ARTICLE XII

1. With respect to its tax policies, each Party should strive to accord fairness and equity in the treatment of investment of nationals and companies of the other Party.

2. Nevertheless, the provisions of this Treaty, and in particular Article VII and VIII, shall apply to matters of taxation only with respect to the following:

(a) expropriation, pursuant to Article IV;

(b) transfers, pursuant to Article V; or

(c) the observance and enforcement of terms of an investment agreement or authorization as referred to in Article VII(l)(a) or (b), to the extent they are not subject to the dispute settlement provisions of a Convention for the avoidance of double taxation between the two Parties, or have been raised under such settlement provisions and are not resolved within a reasonable period of time.

ARTICLE XIII

This Treaty shall apply to the political subdivisions of the Parties.

ARTICLE XIV

1. This Treaty shall enter into force thirty days after the date of exchange of instruments of ratification. It shall remain in force for a period of ten years and shall continue in force unless terminated in accordance with paragraph 2 of this Article. It shall apply to investments existing at the time of entry into force as well as to investments made or acquired thereafter.

2. Either Party may, by giving one year's written notice to the other Party, terminate this Treaty at the end of the initial ten year period or at any time thereafter.

3. With respect to investments made or acquired prior to the date of termination of this Treaty and to which this Treaty otherwise applies, the provisions of all of the other Articles of this Treaty shall thereafter continue to be effective for a further period of ten years from such date of termination.

4. The Protocol shall form an integral part of the Treaty.

IN WITNESS WHEREOF, the respective plenipotentiaries have signed this Treaty.

DONE in duplicate at Washington on the fourteenth day of November, 1991, in the English and Spanish languages, both texts being equally authentic.

FOR THE UNITED STATES OF AMERICA:

FOR THE ARGENTINE REPUBLIC:

PROTOCOL

1. During dispute settlement proceedings pursuant to Article VII, a party may be required to produce evidence of ownership or control consistent with Article I(l)(a).

2. With reference to Article II, paragraph 1, the United States reserves the right to make or maintain limited exceptions to national treatment in the following sectors:

air transportation; ocean and coastal shipping; banking; insurance; energy and power production; custom house brokers; ownership and operation of broadcast or common carrier radio and television stations; ownership of real property; ownership of shares in the Communications Satellite Corporation; the provision of common carrier telephone and telegraph services; the provision of submarine cable services; use of land and natural resources

3. With reference to Article II, paragraph 1, the United States reserves the right to make or maintain limited exceptions to national treatment with respect to certain programs involving government grants, loans, and insurance.

4. With reference to Article II, paragraph 1, the United States reserves the right to make or maintain limited exceptions to national and most favored nation treatment in the following sectors, with respect to which treatment will be based on reciprocity:

mining on the public domain; maritime services and maritime-related services; primary dealership in United States government securities.

5. With reference to Article II, paragraph 1, the Argentine Republic reserves the right to make or maintain limited exceptions to national treatment in the following sectors:

real estate in the Border Areas; air transportation; shipbuilding; nuclear energy centers; uranium mining; insurance; mining; fishing.

6. The Parties understand that, with respect to rights reserved in Article XI of the Treaty, "obligations with respect to the maintenance or restoration of international peace or security" means obligations under the Charter of the United Nations.

7. The Parties acknowledge and agree that, to the extent of any conflict or inconsistency between the terms of this Treaty, and the terms of the Treaty of Friendship, Commerce, and Navigation between the Parties, entered into force December 20, 1854 (the "FCN Treaty-), the terms of this Treaty shall supersede the terms of the FCN Treaty, and shall control the resolution of such conflict.

8. The Parties confirm their mutual understanding that the provisions of this Treaty do not bind either Party in relation to any act or fact which took place or any situation which ceased to exist before the date of the entry into force of this Treaty.

9. Notwithstanding Article II(5) and in accordance with the terms of this paragraph, the Government of the Argentine Republic may maintain, but not intensify, existing performance requirements in the automotive industry. The Government of the Argentine Republic shall exert best efforts to eliminate all such requirements within the shortest possible period, and shall ensure their elimination within eight years of the date of the entry into force of this Treaty. The Government of the Argentine Republic shall further ensure that such performance requirements are applied in a manner which does not place existing investments at a competitive disadvantage against new entrants in this industry. The Parties shall consult at the request of either on any matter concerning the implementation of these undertakings. For the purposes of this paragraph, "existing" means extant at the time of signature of this Treaty.

10. The Parties note that the Argentine Republic has had and may have in the future a debt-equity conversion program under which nationals or companies of the United States may choose to invest in the Argentine Republic

through the purchase of debt at a discount.

The Parties agree that the rights provided in Article V, paragraph 1, with respect to the transfer of returns and of proceeds from the sale or liquidation of all or any part of an investment, remain or may be, as such rights would apply to that part of an investment financed through a debt-equity conversion, modified by the terms of any debt-equity conversion agreement between a national or company of the United States and the Government of the Argentine Republic, or any agency or instrumentality thereof.

The transfer of returns and of proceeds from the sale or liquidation of all or any part of an investment shall in no case be on terms less favorable than those accorded, in like circumstances, to nationals or companies of the Argentine Republic or any third country, whichever is more favorable.

11. The Parties note with satisfaction that the Argentine Republic is engaged in a process of privatization of various industries, including public utilities. They agree that they will undertake their best efforts, including through consultations, to avoid any misinterpretation regarding the scope of Article II(5) that would adversely affect this privatization process.

Embassy of the United States of America

Buenos Aires, August 24, 1992

No. 453

Mr. Minister:

I have the honor to refer to the Treaty between the United States of America and the Argentine Republic concerning the reciprocal encouragement and protection of investment, with Protocol signed at Washington, November 14, 1991 ("The Treaty").

During the negotiation of the Treaty, the Government of the United States of America and the Government of the Argentine Republic discussed the inclusion in Section 5 of the Protocol to the Treaty of the Argentine Mining Sector. Based on those discussions and subsequent discussions regarding this matter, I wish to propose the deletion of the term "Mining" from the list of sectors in Section 5 of the Protocol.

If the foregoing is acceptable to your Government, I have the honor to propose that this note, together with your reply to that effect shall constitute an agreement between the two Governments amending the Treaty, which shall be subject to ratification.

Accept, Mr. Minister, the renewed assurances of my highest consideration.

Dr. Guido Di Tella,

Minister of Foreign Affairs and Worship,

Buenos Aires.

DEPARTMENT OF STATE
OFFICE OF LANGUAGE SERVICES

Translating Division

LS No. 140114

LM

SPA/ENG

Minister of Foreign Relations and Worship

Buenos Aires, November 6, 1992

Mr. Ambassador:

I have the honor to address you with regard to your note dated August 24, 1992, which reads as follows:

[The Spanish translation of Ambassador Todman's note of August 24, 1992, agrees in all substantive respects with the original English text.]

In that regard I wish to state that my Government agrees with the terms of the transcribed note and, therefore, I have the honor to inform you that the aforesaid note and this reply constitute an agreement between out two Governments that will enter into force open the exchange of instruments of ratification.

Accept, Sir, the assurances of my highest consideration.

[Signature]

His Excellency

Terence Todman,

Ambassador of the United States of America,

Buenos Aires, Argentina
