

**BILATERAL AGREEMENT FOR THE PROMOTION AND PROTECTION OF  
INVESTMENTS BETWEEN THE  
REPUBLIC OF COLOMBIA AND \_\_\_\_\_  
COLOMBIAN MODEL AUGUST 2007**

**PREAMBLE**

The Government of the Republic of Colombia and the Government of \_\_\_\_\_  
hereinafter referred to as the "Contracting Parties";

Desiring to intensify the economic cooperation to the mutual benefit of both Contracting  
Parties,

Intending to create and maintain favourable conditions for the investments of investors  
of one Contracting Party in the territory of the other Contracting Party;

Recognizing the need to promote and protect foreign investments with the aim to foster  
the economic prosperity of both Contracting Parties;

Have agreed as follows:

**ARTICLE I  
DEFINITIONS**

For the purposes of this Agreement:

**1. Investor**

1.1. The term "Investor" means for each of the Contracting Parties:

- a. Natural persons of a Contracting Party who, according to the law of that  
Contracting Party, are considered to be its nationals;
- b. Legal entities including companies, corporations, commercial associations and  
other organizations, constituted or otherwise organized according to the law of

the Contracting Party and have their seat, as well as substantial business activities in the territory of the same Contracting Party;

- c. Legal entities not established under the law of that Party but effectively controlled, in accordance with the law of the Party where the investment is made, by natural persons, as defined in paragraph 1.1.a or by legal entities as defined in paragraph 1.1.b.

1.2. This Agreement shall not apply to investments made by natural persons who are nationals of both Contracting Parties.

## **2. Investment**

2.1. **Investment** means every kind of economic assets that have been invested by investors of a Contracting Party in the territory of the other Contracting Party in accordance with the law of the latter including in particular, but not exclusively, the following:

- a. Movable and immovable property, as well as any other rights *in rem*, including property rights;
- b. Shares, parts and any other kind of economic participation in corporations;
- c. Claims to money or to any performance having an economic value;
- d. Intellectual property rights, including, among others, copyrights and related rights, and industrial property rights such as patents, technical processes, manufacturers' brands and trademarks, trade names, industrial designs, know-how and goodwill;
- e. Concessions granted by law, administrative act or contract, including concessions to explore, grow, extract or exploit natural resources;
- f. All operations of foreign loan, as established by the law of each Contracting Party, related to an investment.

Investment does not include:

- i. public debt operations;
  - ii. claims to money arising solely from:
    - a. Commercial contracts for the sale of goods and services by a national or legal entity in the territory of a Contracting Party to a national or a legal entity in the territory of the other Contracting Party; or
    - b. Credits granted in relation with a commercial transaction;
- 2.2. A change in the manner in which assets have been invested or re-invested does not affect their status as investment under this Agreement, provided that such modification is comprised within the definitions of this article and is made according to the law of the Contracting Party in whose territory the investment has been admitted.
- 2.3. In accordance with paragraph 1 of this Article, the minimum characteristics of an investment shall be:
- a. The commitment of capital or other resources;
  - b. The expectation of gain or profit;
  - c. The assumption of risk for the investor.

### **3. Returns**

The term “returns” means the amounts yielded by an investment during a specific period of time, in particular, but not exclusively, profits, dividends and interests.

### **4. Territory**

The term “Territory” comprises, in addition to the land territory, the maritime space and the airspace under the sovereignty of each Contracting Party, the maritime and sub-maritime areas over which they exercise sovereign rights and jurisdiction, in accordance with respective laws and international law.

**ARTICLE II**  
**SCOPE OF APPLICATION**

1. This Agreement is applicable to existing investments at the time of its entry into force, as well as to investments made thereafter in the territory of a Contracting Party in accordance with the law of the latter by investors of the other Contracting Party. For greater certainty, this Chapter does not bind any Party in relation to any act or fact that took place or any situation that ceased to exist before the date of entry into force of this Agreement.
2. In case of foreign loans, this Agreement shall apply exclusively to loans contracted after this Agreement enters into force.
3. Nothing contained in this Agreement shall bind either Contracting Party to protect investments made with capital or assets derived from illegal activities, and it shall not be construed so as to prevent a Party from adopting or maintaining measures intended to preserve public order, the fulfilment of its duties for the keeping or restoration of international peace and security; or the protection of its own essential security interests.
4. The provisions of this Agreement shall not apply to tax matters.
5. Nothing contained in this Agreement shall apply to measures adopted by any Contracting Party, in accordance with its law, with respect to the financial sector for prudential reasons, including those measures aimed at protecting investors, depositors, insurance takers or trustees, or to safeguard the integrity and stability of the financial system.

**ARTICLE III**  
**PROMOTION, ADMISSION AND PROTECTION OF INVESTMENTS**

1. Each Contracting Party, subject to its general policy on foreign investments, shall promote in its territory investments of investors of the other Contracting Party and shall admit them in accordance with its law.

2. Each Contracting Party shall protect within its territory investments made in accordance with its law by investors of the other Contracting Party and shall not impair with discriminatory measures the management, maintenance, use, enjoyment, extension, sale and liquidation of said investments.
3. Each Party shall accord fair and equitable treatment in accordance with customary international law, and full protection and security in its territory to investments of investors of the other Contracting Party.
4. For greater certainty,
  - a. The concepts of “fair and equitable treatment” and “full protection and security” do not require additional treatment to that required under the minimum standard of treatment of aliens in accordance with the standard of customary international law.
  - b. A determination that there has been a breach of another provision of this Agreement or another international agreement does not imply that the minimum standard of treatment of aliens has been breached.
  - c. “Fair and equitable treatment” includes the prohibition against denial of justice in criminal, civil, or administrative proceedings in accordance with the principle of due process embodied in the main legal systems of the world.
  - d. The “Full protection and security” standard does not imply, in any case, a better treatment to that accorded to nationals of the Contracting Party where the investment has been made.

#### **ARTICLE IV**

##### **TREATMENT OF INVESTMENTS**

1. Each Contracting Party shall grant to the investments of investors of the other Contracting Party made in its territory, a not less favourable treatment than that

accorded, in like circumstances, to investments of its own investors or to investors of any other third State, whichever is more favourable to the investor.

2. The most favourable treatment to be granted in like circumstances referred to in this Agreement does not encompass mechanisms for the settlement of investment disputes, such as those contained in Articles IX and X of this Agreement, which are provided for in treaties or international investment agreements.
3. The provisions of this Agreement concerning the granting of a no less favourable treatment than that accorded to investments of investors of any of the Contracting Parties or of any third state shall not be construed so as to bind a Contracting Party to extend to investments of investors of the other Contracting Party the benefit of any treatment, preference or privilege resulting from: Any existing or future free trade area, customs union, common market, economic union or any other kind of economic or regional organization or any international agreement intended at facilitating border trade, which a Contracting Party is or becomes a Party to.

#### **ARTICLE V FREE TRANSFERS**

1. Each Contracting Party, prior fulfilment of the requirements under its law and without unjustified delay, shall allow investors of the other Contracting Party to effect, in a freely convertible currency, transfers of:
  - a. The principal amount and additional sums necessary for maintaining, increasing and developing the investment;
  - b. Returns as defined in Article 1;
  - c. Payments pursuant to foreign loans;
  - d. Funds yielded from settlement of disputes and compensations, as provided for in Articles VI and VII;
  - e. Proceeds from the sale of all or any part of the investment, or from the partial or complete liquidation of the investment;

- f. Salaries and remunerations received by the employees hired overseas in connection with an investment.
2. Transfers shall be made in conformity with the current market exchange rate on the day of the transfer, in accordance with the law of the Contracting Party in whose territory the investment has been made.
3. Notwithstanding the provisions of this Article, a Contracting Party may condition or prevent a transfer through the equitable, non-discriminatory and good faith application of its laws relating to:
  - a. Bankruptcy proceedings, company restructuring or insolvency;
  - b. Compliance with judicial, arbitral or confirmed administrative verdicts and awards;
  - c. Compliance with labour or tax obligations;
4. With respect to the obligations under this Article, Colombia maintains its central bank and governmental powers and attributions to adopt measures in conformity with applicable law, including Law 9 of 1991 and Law 31 of 1992, or other regulations, in order to ensure currency stability and normality in internal and external payments, granting for these purposes powers to regulate the amount of credit and money supply, execution credit operations and foreign exchange, as well as to issuing regulations on monetary, credit, financial and foreign exchange.

These measures include, among others, the establishment of requirements restricting or limiting payments and transfers (capital movement) to or from each Party, as well as operations related thereto, such as, establishing that deposits, investments or credits for or from the foreign market be bound to maintaining mandatory reserves or deposits. In applying such measures in accordance with the present article, Colombia shall not discriminate between the other Party and a non-Party with respect to operations of the same kind.

5. Notwithstanding the provisions of this Article, each Party, in circumstances of serious difficulties in its balance of payments, or threats thereof, may exercise

equitably, on a non-discriminatory manner and in good faith, powers granted under its law to restrict or delay transfers.

## **ARTICLE VI EXPROPRIATION AND COMPENSATION**

1. Investments of investors of a Contracting Party in the territory of the other Contracting Party will not be subject of nationalization, direct or indirect expropriation, or any measures having similar effects (hereinafter "expropriation") except for reasons of public purpose or social interest, in accordance with due process of law, in a non-discriminatory manner, in good faith and accompanied by a prompt, adequate and effective compensation

2. It is understood that:

- a. Indirect expropriation results from a measure or series of measures of a Contracting Party having an equivalent effect to direct expropriation without formal transfer of title or outright seizure;
- b. The determination of whether a measure or series of measures of a Contracting Party constitute indirect expropriation requires a case-by-case, fact-based inquiry considering:
  - i) The economic impact of the measure or series of measures; however, the sole fact of a measure or series of measures having adverse effects on the economic value of an investment does not imply that an indirect expropriation has occurred;
  - ii) The scope of the measure or series of measures and their interference on the reasonable and distinguishable expectations concerning the investment;
- c. Except in rare circumstances, such as when a measure or series of measures are so severe in the light of their purpose that they cannot be reasonably viewed as having been adopted and applied in good faith, non-discriminatory measures of a Party that are designed and applied

for public purposes or social interest or with objectives such as public health, safety and environment protection, do not constitute indirect expropriation.

3. The compensation shall amount to the market value of the investment immediately before the expropriatory measures were adopted or immediately before the imminent measures were of public knowledge, whichever is earlier, (hereinafter the “date of value”).

4. The fair market value will be calculated in a freely convertible currency, per the exchange rate on the date of the value. The compensation shall include interests at a commercially rate fixed in accordance with the market criteria for that currency, accrued from the date of expropriation until the date of payment. The compensation shall be paid without unjustified delay, be fully realizable and freely transferable.

5. The legality of the measure and the amount of the compensation may be challenged before the judicial authorities of the Contracting Party adopting it.

6. The Contracting Parties may establish monopolies and reserve strategic activities depriving investors from developing certain economic activities, provided that it is for public purposes or social interest. The investor shall receive a prompt, adequate and effective compensation, considering the conditions prescribed in the present article.

7. The Contracting Parties confirm that issuance of compulsory licenses granted in accordance with the TRIPS Agreement of the WTO, may not be challenged under the provisions set out in this Article.

## **ARTICLE VII COMPENSATION FOR DAMAGES OR LOSSES**

Investors of a Contracting Party whose investments in the territory of the other Contracting Party suffer losses due to war, armed conflict, revolution, state of national emergency; insurrection, civil disturbances or other similar events, shall enjoy regarding restitution, indemnification, compensation or other settlement, the same or equivalent treatment as that accorded by the Contracting Party in whose territory the investment is made, to its own investors.

## **ARTICLE VIII.**

### **INVESTMENT AND ENVIRONMENT**

Nothing in this Chapter shall be construed to prevent a Party from adopting, maintaining, or enforcing any measure that it considers appropriate to ensure that an investment activity in its territory is undertaken in accordance with the environmental law of the Party, provided that such measures are proportional to the objectives sought.

## **ARTICLE IX**

### **SETTLEMENT OF DISPUTES BETWEEN ONE CONTRACTING PARTY AND AN INVESTOR OF THE OTHER CONTRACTING PARTY**

1. With regard to acts of a governmental authority, in order to submit a claim to arbitration under this article or to a local court or administrative tribunal, local administrative remedies shall be exhausted, should it be required by the law of the Contracting Party. Such procedure shall in no case exceed six months from the date of its initiation by the investor and shall not prevent the investor from requesting consultations as referred to in paragraph 3 of the present Article.
2. Any disputes arising between an investor of a Contracting Party and the other Contracting Party in connection to the interpretation or application of this Agreement, including a claim that the other Contracting Party has breached an obligation of this Agreement and therefore has generated damages to the investor, shall be settled, as far as possible, amicably. Any dispute shall be notified by submitting a notice of the dispute in writing, including detailed information of the facts and legal basis, by the investor to the Contracting Party receiving the investment.
3. Nothing in this Article shall be construed as to prevent the parties of a dispute from referring their dispute, by mutual agreement, to *ad hoc* or institutional mediation or conciliation before or during the arbitral proceeding.
4. If the dispute has not been settled within twelve (12) months from the date of the written notification mentioned in paragraph 2 of this Article, a notice of request for

arbitration (“request for arbitration”) may be submitted, at the discretion of the investor to:

- a. Competent tribunals of the Contracting Party in whose territory the investment was made; or
  - b. An *ad hoc* arbitral tribunal that, unless otherwise agreed by the parties, shall be established in accordance with the UNCITRAL Arbitration Rules; or
  - c. The International Centre for Settlement of Investment Disputes (ICSID), under the rules of the Convention on Settlement of Disputes between States and Nationals of other States, open for signature in Washington on March 18, 1965, when each of the Contracting parties has adhered to it. In the event that one of the Contracting Parties has not adhered to the mentioned Convention, the dispute may be resolved in accordance with the ICSID Rules Governing the Additional Facility for the Administration of Procedures for Conciliation, Arbitration and Fact-Finding; or
  - d. An arbitral tribunal under any other arbitration institution or any other arbitration rules, agreed by the Contracting Parties.
5. The disputing investor may only submit a request for arbitration if the term established in paragraph 4 of the present Article has elapsed, and the disputing investor has notified, in writing a hundred and eighty (180) days in advance, the Contracting Party of his intention to submit a request for arbitration (“notice of intent”). Such a notice shall indicate the name and address of the disputing investor, the provisions of the Agreement which he deems to be breached, the facts which the dispute is based on, the estimated value of the damages and the compensation sought.
6. Each Contracting Party hereby gives in advance its irrevocable consent to the submission of a dispute of this nature to any of the arbitral proceedings established in paragraph 4.b. and c. of this Article.

7. Once the investor has submitted the dispute to either a competent tribunal of the Contracting Party in whose territory the investment has been admitted or any of the arbitration mechanisms stated above, the choice of the procedure shall be final.
8. Arbitration awards shall be final and binding for the disputing parties and shall be enforced, when required, in accordance with the law of the Contracting Party in whose territory the investment was made.
9. The Contracting Parties shall refrain from pursuing through diplomatic channels matters related to disputes between a Contracting Party and an investor of the other Contracting Party submitted to court proceedings or international arbitration, in accordance with the provisions of this article, unless one of the parties to the dispute has failed to comply with the court decision or arbitral award, under the terms established in the respective decision or arbitral award.
10. An investor may not file a complaint if more than three years have elapsed since the date the investor had knowledge or should have had knowledge of the alleged violation to this Agreement, as well as of the alleged losses and damages.
11. An investor of one of the Contracting Parties may submit a complaint to arbitration on the basis of: a) a breach by the other Party of a provision established in this Agreement, and b) losses or damages to the investment as a result of the abovementioned breach.
12. The dispute settlement mechanisms provided in this Agreement will be based on the provisions of the present Agreement, the national law of the Contracting Party in whose territory the investment has been made, including the rules related to conflict of laws, on the general principles of law and international customary law.
13. Before ruling on the merits, the tribunal shall rule on the preliminary questions of competence and admissibility.  
When deciding about the objection of the respondent, the tribunal shall rule on the costs and fees of attorneys incurred during the proceedings, considering whether or not the objection prevailed.  
The tribunal shall consider whether either the claim of the claimant or the objection of the respondent is frivolous, and shall provide the disputing parties a reasonable

opportunity for comments. In the event of a frivolous claim the tribunal shall award costs against the claimant.

14. A tribunal ruling a final award against a respondent may only award monetary damages and any applicable interests; and may award costs and fees of attorneys in accordance with this Article and applicable arbitration rules. The tribunal shall not be competent to rule on the legality of the measure as a matter of domestic law.
15. The presentation of the notice of intent and other documents to a Party will be done in the place designated by that Party in the Annex I. (Presentation of Documents Regarding Article IX)

## **ARTICLE X**

### **SETTLEMENT OF DISPUTES BETWEEN THE CONTRACTING PARTIES**

1. Disputes arising between the Contracting Parties regarding the interpretation and application of this Agreement, including a claim alleging that the other Contracting Party has breached an obligation of the present Agreement and has consequently generated damages to an investor, shall be settled, as far as possible, through direct negotiations.
2. If an agreement is not reached within six (6) months from the date on which the dispute was notified, any of the Contracting Parties may submit the dispute to an *ad-hoc* Arbitration Tribunal, in accordance with the provisions of this Article.
3. The Arbitration Tribunal shall be comprised of three members and, unless otherwise agreed between the Parties, shall be established as follows: within two (2) months from the date of notification of the arbitration request, each Contracting Party shall appoint an arbitrator. Those two arbitrators shall then, within three (3) months from the date of the last appointment, agree upon a third member who shall be a national of a third State with which both Contracting Parties maintain diplomatic relations, and who shall be preside over the tribunal. The appointment of

the President shall be approved by the Contracting Parties within thirty (30) days from the date of his nomination.

4. If, the necessary appointments are not made within the deadline provided for in paragraph (3) of this Article, either Contracting Party, unless otherwise agreed, may request the President of the International Court of Justice to make the necessary appointments. If the President of the International Court of Justice is prevented, for any reason, from performing the abovementioned duty or if that person is a national of either Contracting Party, the appointments shall be made by the Vice-president of the International Court of Justice, and if the latter is prevented or if that person is a national of either Contracting Party, the appointments shall be made by the most senior Judge of the Court of Justice who is not a national of either of the Contracting Parties.
5. The Arbitration tribunal shall rule based on the provisions of this Agreement and principles of International Law applicable to the subject matter. The Tribunal shall reach its decisions by a majority of votes and shall determine its own procedural rules.
6. Each of the Contracting Parties shall equally bear the costs of the arbitrators and the arbitral proceeding, unless otherwise established. The decisions of the tribunal shall be final and binding for the Contracting Parties.

#### **ARTICLE XI OTHER PROVISIONS**

If, from legal provisions of a Contracting Party or from current or future obligations derived from international law different from those contained in this Agreement, a general or particular regulation results between the Contracting Parties thereby providing a more favourable treatment to the investment of investors than that foreseen in the present Agreement, the aforementioned regulation shall prevail over this Agreement, to the extent that it is more favourable.

#### **ARTICLE XII CONSULTATIONS**

The Contracting Parties shall consult with each other concerning any matter related to the application or interpretation of this Agreement.

### **ARTICLE XIII FINAL PROVISIONS**

1. The Contracting Parties shall notify each other of the compliance of the internal requirements of each of the Contracting Parties in connection to the entry into force of this Agreement. This Agreement shall enter into force sixty (60) days after the date of receipt of the latter notification.
2. This Agreement shall remain in force for a ten (10) year period and shall be extended indefinitely thereafter. After ten years, this Agreement may be denounced at any time by any of the Contracting Parties, by serving a twelve-month prior notice, sent through diplomatic channels.
3. With respect to investments admitted before the date on which the notice of termination of this Agreement becomes effective, the provisions of this Agreement shall remain in force for an additional term of ten (10) years from such a date.

## EXPLANATION OF SOME ISSUES OF THE BIT MODEL

### ARTICLE II SCOPE OF APPLICATION

#### Paragraph

3. Nothing contained in this Agreement shall bind either Contracting Party to protect investments made with capital or assets derived from illegal activities, and it shall not be construed so as to prevent a Party from adopting or maintaining measures intended to preserve public order, the fulfilment of its duties for the keeping or restoration of international peace and security; or the protection of its own essential security interests.

#### Explanation

According to the Colombian Constitution the State shall have the possibility of guarantying public order, as set out in article 100 which reads as follows:

*“Aliens in Colombia will enjoy the same civil rights as Colombian citizens. Notwithstanding, for reasons of public order, the law may impose special conditions on or nullify the exercise of specific civil rights by aliens.*

*Similarly, aliens will enjoy, in the territory of the Republic, guarantees granted to citizens, except for the limitations established by the Constitution or the law”.*

This concept has been developed by the Constitutional Court in its jurisprudence.

#### Paragraph

4. The provisions of this Agreement shall not apply to tax matters.

#### Explanation

It is policy of Colombia to treat tax matters in double taxation treaties.

### ARTICLE V FREE TRANSFERS

#### Paragraph

2. Notwithstanding the aforesaid, due to reasons affecting the macroeconomic balance, the Contracting Parties may establish measures related to capital inflows of foreign loans and/or involving an extra-charge to payments in advance of such loans,

## **ANNEX I**

### **Presentation of Documents to a Party Regarding Article VIII**

#### **Name of the Country**

The place of presentation of the notice of intent and other documents concerning settlement of disputes regarding article VIII, in (Name of the Country) is:

Public entity designated  
Address  
City, Country

#### ***Colombia***

The place of presentation of the notice of intent and other documents concerning settlement of disputes regarding article VIII, in Colombia is:

Dirección de Inversión Extranjera y Servicios  
Ministerio de Comercio, Industria y Turismo  
Calle 28 # 13 A – 15  
Bogotá D.C. – Colombia

provided that the application of such measures is equitable, non discriminatory and in good faith.

5. Notwithstanding the provisions of this Article, each Contracting Party, in serious difficulties in its balance of payments, or threats thereof, may exercise equitably, on a non-discriminatory basis and in good faith, powers conferred under its law to restrict or delay transfers.

#### **Explanation**

The Central Bank has constitutional powers, set out, among others, in articles 371 and 372 of the Colombian Constitution. These powers are prescribed and safeguarded by these clauses which have been fully recognized by the Constitutional Court.

### **ARTICLE VI EXPROPRIATION AND COMPENSATION**

#### **Paragraph**

1. Investments of investors of a Contracting Party in the territory of the other Contracting Party will not be subject of nationalization, direct or indirect expropriation, or any measures having similar effects (hereinafter "expropriation") except for reasons of public purpose or social interest, in accordance with due process of law, in a non-discriminatory manner, in good faith and accompanied by a prompt, adequate and effective compensation.

#### **Explanation**

Article 58 of the Colombian Constitution protects private property. However, it recognizes the right of expropriating for public purposes or social interest as defined by the legislator. This position has been confirmed by the Constitutional Court in its jurisprudence.

#### **Paragraph**

6. The Contracting Parties may establish monopolies and reserve strategic activities depriving investors from developing certain economic activities, provided that it is for public purposes or social interest. The investor shall receive a prompt, adequate and effective compensation, considering the conditions prescribed in the present article.

### **Explanation**

In accordance with articles 336 and 365 of the Colombian Constitution the State may establish monopolies to obtain proceeds for public or social interest, or to reserve itself certain strategic activities or public services due to reasons of sovereignty or social interest. In any of such cases, authorization from Congress through the passing of a law and previous compensation, to those whom under such a law are deprived of exercising a lawful activity, are required.

## **ARTICLE VIII SETTLEMENT OF DISPUTES BETWEEN ONE CONTRACTING PARTY AND AN INVESTOR OF THE OTHER CONTRACTING PARTY**

### **Paragraph**

1. With regard to acts of a governmental authority, in order to submit a claim to arbitration under this article or to a local court or administrative tribunal, local administrative remedies shall be exhausted, should it be required by the law of the Contracting Party. Such procedure shall in no case exceed six months from the date of its initiation by the investor and shall not prevent the investor from requesting consultations as referred to in paragraph 3 of the present Article.

### **Explanation**

The exhaustion of non-judicial administrative local remedies does not imply the exhaustion of judicial local remedies.

The objective of this provision is providing transparency to the procedure that the investor is required to exhaust in accordance with domestic law, which is equally applied to nationals and aliens, prior to the submission of the dispute to international arbitration.

The basis of this provision consists of:

- a. Internal legal order:

In accordance with the Colombian legal order (Art. 35 CCA) the exhaustion of non-judicial administrative local remedies is compulsory before referring a dispute to local

courts. As established in the jurisprudence, this procedure should be understood as a chance granted to governmental authorities of reviewing its own measures “so as to enable governmental authorities to review, modify, clarify and even revoke the initial measures, thereby permitting amending its mistakes and reinstating those rights of the party affected.”

b. Benefits for investors:

The exhaustion of local administrative remedies does not create any damage, unlike the perception that may exist with regard to exhausting judicial local remedies because:

- a. Economy: For the investor the exhaustion of local administrative remedies constitutes an chance that its requests be considered without the major costs that may be generated by a court or arbitral tribunal.
- b. Celerity: This procedure is done in less than five months.
- c. Due process of law: The decisions resulting from the exhaustion of administrative local remedies are not *res judicata*, and therefore the investor may, once the administrative local remedies are exhausted, submit the dispute to any local courts or arbitration as provided in this Agreement.