

AGREEMENT BETWEEN
JAPAN AND THE ORIENTAL REPUBLIC OF URUGUAY
FOR THE LIBERALIZATION,
PROMOTION AND PROTECTION OF INVESTMENT

Japan and the Oriental Republic of Uruguay
(hereinafter referred to as "the Contracting Parties"),

Desiring to further promote investment in order to
strengthen the economic relationship between the
Contracting Parties;

Intending to further create stable, equitable,
favorable and transparent conditions for greater investment
by investors of one Contracting Party in the Area of the
other Contracting Party, based on the principles of
equality and mutual benefit;

Recognizing the growing importance of the progressive
liberalization of investment for stimulating initiative of
investors and for promoting prosperity and mutually
favorable business environment in the Contracting Parties;

Recognizing that these objectives can be achieved
without relaxing health, safety and environmental measures
of general application; and

Recognizing the importance of the cooperative
relationship between labor and management in promoting
investment between the Contracting Parties;

Have agreed as follows:

Article 1
Definitions

For the purposes of this Agreement:

- (a) the term "investment" means every kind of asset
owned or controlled, directly or indirectly, by
an investor, which has the characteristics of an
investment, such as the commitment of capital or
other resources, the expectation of gain or
profit, or the assumption of risk, including:
 - (i) an enterprise and a branch of an enterprise;

- (ii) shares, stocks or other forms of equity participation in an enterprise, including rights derived therefrom, but does not include an equity participation in a state enterprise;
- (iii) bonds, debentures, loans and other forms of debt, including rights derived therefrom, but does not include a sovereign debt of, regardless of original maturity, a Contracting Party or a debt of a state enterprise;

Note 1: Some forms of debt, such as bonds, debentures, and long-term notes, are more likely to have the characteristics of an investment, while other forms of debt, such as a bank account that does not have a commercial purpose and is related neither to an investment in the territory in which the bank account is located nor to an attempt to make such an investment, are less likely to have such characteristics.

Note 2: For the purposes of this Agreement, claims to payment that are immediately due and result from the sale of goods or services are not investments.

- (iv) rights under contracts, including turnkey, construction, management, production or revenue-sharing contracts;
- (v) intellectual property rights, including copyrights and related rights, patent rights and rights relating to utility models, trademarks, industrial designs, layout-designs of integrated circuits, new varieties of plants, trade names, indications of source or geographical indications and undisclosed information;
- (vi) rights conferred pursuant to laws and regulations or contracts such as concessions, licenses, authorizations, and permits, including those for the exploration, exploitation and extraction of natural resources; and

- (vii) any other tangible and intangible, movable and immovable property, and any related property rights, such as leases, mortgages, liens and pledges;

Investments include the amounts yielded by investments, in particular, profit, interest, capital gains, dividends, royalties and fees. A change in the form in which assets are invested does not affect their character as an investment. For greater certainty, this provision shall apply only where the assets still fall within the definition contained in this subparagraph.

Note: The term "investment" does not include an order or judgment entered in a judicial or administrative action.

- (b) the term "investor of a Contracting Party" means:

- (i) a natural person having the nationality of that Contracting Party in accordance with its applicable laws and regulations; or

Note: This Agreement shall not apply to investments of natural persons who are nationals of both Contracting Parties unless such natural persons have at the time of the investment and ever since been domiciled outside the Area of the Contracting Party in which they made such investments;

- (ii) an enterprise of that Contracting Party, that seeks to make, is making or has made an investment in the Area of the other Contracting Party;

Note: It is understood that an investor of a Contracting Party seeks to make investments in the Area of the other Contracting Party only when the investor has taken concrete steps necessary to make investments.

- (c) an enterprise is:

- (i) "owned" by an investor if more than fifty (50) percent of the equity interest in it is owned by the investor; and
 - (ii) "controlled" by an investor if the investor has the power to name a majority of its directors or otherwise to legally direct its actions;
- (d) the term "enterprise" means any legal person or any other entity duly constituted or organized under the applicable laws and regulations, whether or not for profit, and whether private or government owned or controlled, including any corporation, trust, partnership, sole proprietorship, joint venture, association, organization or company;
- (e) the term "enterprise of a Contracting Party" means any legal person or any other entity:
 - (i) duly constituted or organized under the applicable laws and regulations of that Contracting Party, whether or not for profit, and whether private or government owned or controlled, including any corporation, trust, partnership, sole proprietorship, joint venture, association, organization or company; and
 - (ii) carrying out substantial business activities in the Area of the Contracting Party;
- (f) the term "investment activities" means establishment, acquisition, expansion, operation, management, maintenance, use, enjoyment and sale or other disposal of investments;
- (g) the term "Area" means:
 - (i) with respect to Japan, the territory of Japan, and the exclusive economic zone and the continental shelf with respect to which Japan exercises sovereign rights or jurisdiction in accordance with international law; and

- (ii) with respect to the Oriental Republic of Uruguay, the territory of the Oriental Republic of Uruguay, including land territory, internal waters, territorial sea including their seabed and subsoil and air space over them under its sovereignty, and the exclusive economic zone and the continental shelf with respect to which the Oriental Republic of Uruguay exercises sovereign rights or jurisdiction, in accordance with international law and its domestic laws and regulations;
- (h) the term "existing" means being in effect on the date of entry into force of this Agreement;
- (i) the term "freely usable currency" means freely usable currency as defined under the Articles of Agreement of the International Monetary Fund;
- (j) the term "the WTO Agreement" means the Marrakesh Agreement Establishing the World Trade Organization, done at Marrakesh, April 15, 1994;
- (k) "government procurement" means the process by which a government obtains the use of or acquires goods or services, or any combination thereof, for governmental purposes and not with a view to commercial sale or resale, or use in the production or supply of goods or services for commercial sale or resale; and
- (l) the term "the TRIPS Agreement" means the Agreement on Trade-Related Aspects of Intellectual Property Rights in Annex 1C to the WTO Agreement.

Article 2
Scope and Coverage

1. This Agreement shall apply to measures adopted or maintained by a Contracting Party relating to:

- (a) investors of the other Contracting Party;
- (b) investments of an investor of the other Contracting Party in the Area of the former Contracting Party existing on the date of entry into force of this Agreement, as well as investments established, acquired or expanded thereafter; and

(c) with respect to Articles 8 and 27, all investments in the Area of the former Contracting Party.

2. This Agreement shall not apply to claims arising out of events which occurred, or any situation that ceased to exist, or to claims which had been settled, prior to its entry into force.

3. Nothing in this Agreement shall be construed to prevent a Contracting Party from providing a service or performing a function such as the implementation and enforcement of laws, correctional services, pension or unemployment insurance or social security services, social welfare, public education, public training, health, child protection and care, in a manner not inconsistent with this Agreement.

Article 3 National Treatment

Each Contracting Party shall in its Area accord to investors of the other Contracting Party and to their investments treatment no less favorable than the treatment it accords in like circumstances to its own investors and to their investments with respect to investment activities.

Article 4 Most-Favored-Nation Treatment

Each Contracting Party shall in its Area accord to investors of the other Contracting Party and to their investments treatment no less favorable than the treatment it accords in like circumstances to investors of a non-Contracting Party and to their investments with respect to investment activities.

Note: It is understood that the treatment referred to in this Article to be accorded with respect to investors and their investments does not include dispute resolution mechanisms, such as those in Article 21, which are provided for in other international investment treaties or trade agreements between a Contracting Party and a non-Contracting Party.

Article 5
Minimum Standard of Treatment

1. Each Contracting Party shall in its Area accord to investments of investors of the other Contracting Party treatment in accordance with customary international law, including fair and equitable treatment and full protection and security.

2. Paragraph 1 prescribes the customary international law minimum standard of treatment of aliens as the standard of treatment to be accorded to investments of investors of the other Contracting Party. The concepts of "fair and equitable treatment" and "full protection and security" do not require treatment in addition to or beyond that which is required by that standard, and do not create additional substantive rights. The obligation in paragraph 1 to provide:

- (a) "fair and equitable treatment" includes the obligation of the Contracting Party not to deny justice in criminal, civil, or administrative adjudicatory proceedings in accordance with the principle of due process of law; and
- (b) "full protection and security" requires each Contracting Party to provide the level of police protection required under customary international law.

3. A determination that there has been a breach of another provision of this Agreement, or of a separate international agreement, does not establish that there has been a breach of this Article.

Article 6
Other Obligations

Each Contracting Party, subject to its laws, shall do all in its power to ensure that a written agreement with regard to a specific investment, between a national authority of that Contracting Party and an investor of the other Contracting Party or its investment that is an enterprise in the Area of the former Contracting Party, is respected, provided that the written agreement is with respect to:

- (a) natural resources that a national authority controls;
- (b) supply of services to the public on behalf of the former Contracting Party; or

- (c) infrastructure projects, that are not for the exclusive or predominant use and benefit of the government.

Note 1: "National authority" means an authority at the central level of government.

Note 2: "Written agreement" refers to an agreement in writing, executed by both parties, whether in a single instrument or in multiple instruments, that creates an exchange of rights and obligations, binding on both parties under the law applicable under subparagraph 14(b) of Article 21. For greater certainty, (a) a unilateral act of an administrative or judicial authority, such as a permit, license or authorization issued by a Contracting Party solely in its regulatory capacity, or a decree, order, or judgment, standing alone; and (b) an administrative or judicial consent decree or order, shall not be considered a written agreement.

Article 7 Access to the Courts of Justice

Each Contracting Party shall in its Area accord to investors of the other Contracting Party treatment no less favorable than the treatment which it accords in like circumstances to its own investors or to investors of a non-Contracting Party with respect to access to the courts of justice and administrative tribunals and agencies in all degrees of jurisdiction, both in pursuit and in defense of such investors' rights.

Article 8 Performance Requirements

1. Neither Contracting Party may impose or enforce any of the following requirements, or enforce any commitment or undertaking, in connection with investment activities of an investor of a Contracting Party or of a non-Contracting Party in its Area:

- (a) to export a given level or percentage of goods or services;
- (b) to achieve a given level or percentage of domestic content;

- (c) to purchase, use or accord a preference to goods produced or services provided in its Area, or to purchase goods or services from a natural person or an enterprise in its Area;
- (d) to relate in any way the volume or value of imports to the volume or value of exports or to the amount of foreign exchange inflows associated with investments of that investor;
- (e) to restrict sales of goods or services in its Area that investments of the investor produce or provide by relating such sales in any way to the volume or value of its exports or foreign exchange earnings;
- (f) to transfer technology, a production process or other proprietary knowledge to a natural person or an enterprise in its Area; or
- (g) to supply one or more of the goods that the investor produces or the services that the investor provides to a specific region or the world market, exclusively from the Area of the former Contracting Party.

2. Neither Contracting Party may condition the receipt or continued receipt of an advantage, in connection with investment activities of an investor of a Contracting Party or of a non-Contracting Party in its Area, on compliance with any of the following requirements:

- (a) to achieve a given level or percentage of domestic content;
- (b) to purchase, use or accord a preference to goods produced in its Area, or to purchase goods from a natural person or an enterprise in its Area;
- (c) to relate in any way the volume or value of imports to the volume or value of exports or to the amount of foreign exchange inflows associated with investments of that investor; or
- (d) to restrict sales of goods or services in its Area that investments of the investor produce or provide by relating such sales in any way to the volume or value of its exports or foreign exchange earnings.

3. (a) Nothing in paragraph 2 shall be construed to prevent a Contracting Party from conditioning the receipt or continued receipt of an advantage, in connection with investment activities of an investor of a Contracting Party or of a non-Contracting Party in its Area, on compliance with a requirement to locate production, supply a service, train or employ workers, construct or expand particular facilities, or carry out research and development, in its Area.
 - (b) Subparagraph 1(f) shall not apply when:
 - (i) the requirement is imposed or the commitment or undertaking is enforced by a court, administrative tribunal or competition authority to remedy an alleged violation of competition laws; or
 - (ii) the requirement concerns the transfer or use of intellectual property rights or disclosure of proprietary information which is undertaken in a manner not inconsistent with the TRIPS Agreement.
 - (c) Subparagraphs 2(a) and 2(b) shall not apply to requirements imposed by an importing Contracting Party relating to the content of goods necessary to qualify for preferential tariffs or preferential quotas.
 - (d) Subparagraphs 1(a), 1(b), 1(c), 2(a) and 2(b), shall not apply to qualification requirements for goods or services with respect to export promotion and foreign aid programs.
4. Paragraphs 1 and 2 shall not apply to any requirement other than the requirements set out in those paragraphs.

Article 9
Senior Management and Boards of Directors

1. Neither Contracting Party may require that an enterprise of that Contracting Party that is an investment of an investor of the other Contracting Party, appoint to senior management positions natural persons of any particular nationality.

2. A Contracting Party may require that a majority of the board of directors, or any committee thereof, of an enterprise of that Contracting Party that is an investment, be of a particular nationality, or resident in the Area of the former Contracting Party, provided that the requirement does not materially impair the ability of the investor to exercise control over its investment.

Article 10
Non-Conforming Measures

1. Articles 3, 4, 8 and 9 shall not apply to:
 - (a) any existing non-conforming measure that is maintained by the following, as set out in the Schedule of each Contracting Party in Annex I:
 - (i) the central government of a Contracting Party; or
 - (ii) a prefecture of Japan or a department of the Oriental Republic of Uruguay;
 - (b) any existing non-conforming measure that is maintained by a local government other than a prefecture and a department referred to in subparagraph (a) (ii);
 - (c) the continuation or prompt renewal of any non-conforming measure referred to in subparagraphs (a) and (b); or
 - (d) an amendment or modification to any non-conforming measure referred to in subparagraphs (a) and (b), provided that the amendment or modification does not decrease the conformity of the measure as it existed immediately before the amendment or modification, with Articles 3, 4, 8 and 9.
2. Articles 3, 4, 8 and 9 shall not apply to any measure that a Contracting Party adopts or maintains with respect to sectors, sub-sectors or activities set out in its Schedule in Annex II.
3. Neither Contracting Party shall, under any measure adopted after the date of entry into force of this Agreement and covered by its Schedule in Annex II, require an investor of the other Contracting Party, by reason of its nationality, to sell or otherwise dispose of an investment that exists at the time the measure becomes effective.

4. In cases where a Contracting Party makes an amendment or a modification to any existing non-conforming measure set out in its Schedule in Annex I or where a Contracting Party adopts any new or more restrictive measure with respect to sectors, sub-sectors or activities set out in its Schedule in Annex II after the date of entry into force of this Agreement, the Contracting Party shall, to the extent possible, notify the other Contracting Party of detailed information on such amendment, modification or measure.

5. Each Contracting Party shall endeavor, where appropriate, to reduce or eliminate the non-conforming measures specified in its Schedules in Annexes I and II respectively.

6. Articles 3, 4, 8 and 9 shall not apply to any measure covered by the exceptions to, or derogations from, obligations under Articles 3 and 4 of the TRIPS Agreement, as specifically provided in Articles 3 through 5 of the TRIPS Agreement.

7. Articles 3, 4, 8 and 9 shall not apply to any measure that a Contracting Party adopts or maintains with respect to government procurement.

8. Articles 3, 4, 8 and 9 shall not apply to subsidies or grants provided by a Contracting Party, including government-supported loans, guarantees, and insurance.

Article 11 Transparency

1. Each Contracting Party shall promptly publish, or otherwise make publicly available, its laws, regulations, administrative procedures and administrative rulings and judicial decisions of general application as well as international agreements which pertain to or affect the implementation and operation of this Agreement.

2. Each Contracting Party shall make publicly available the names and addresses of the competent authorities responsible for laws, regulations, administrative procedures and administrative rulings, referred to in paragraph 1.

3. Each Contracting Party shall, upon request by the other Contracting Party, promptly respond to specific questions and provide that other Contracting Party with information on matters set out in paragraph 1.

4. Paragraphs 1 and 3 shall not be construed so as to oblige either Contracting Party to disclose confidential information, the disclosure of which would impede law enforcement or otherwise be contrary to the public interest, or which would prejudice privacy or legitimate commercial interests.

Article 12 Special Formalities and Information Requirements

1. Nothing in Article 3 shall be construed to prevent a Contracting Party from adopting or maintaining a measure that prescribes special formalities in connection with investment activities of investors of the other Contracting Party in its Area, provided that such special formalities do not impair the substance of the rights of such investors under this Agreement.

2. Notwithstanding Articles 3 and 4, a Contracting Party may require an investor of the other Contracting Party or its investments to provide information concerning its investments solely for informational or statistical purposes. The Contracting Party shall protect such information that is confidential from any disclosure that would prejudice the competitive position of the investor of the latter Contracting Party or its investments. Nothing in this paragraph shall be construed so as to prevent a Contracting Party from otherwise obtaining or disclosing information in connection with the equitable and good faith application of its law.

Article 13 Public Comment Procedures

Each Contracting Party shall, in accordance with its applicable laws and regulations, endeavor to provide a reasonable opportunity for comments by the public before the adoption, amendment or repeal of regulations of general application that affect any matter covered by this Agreement.

Article 14 Measures against Corruption

Each Contracting Party shall ensure that measures and efforts are undertaken to prevent and combat corruption regarding matters covered by this Agreement in accordance with its laws and regulations.

Article 15
Entry, Sojourn and Residence of Investors

Each Contracting Party shall, in accordance with its applicable laws and regulations, give sympathetic consideration to applications for entry, sojourn and residence of a natural person having the nationality of the other Contracting Party who wishes to enter the former Contracting Party and remain therein for the purpose of investment activities.

Article 16
Expropriation and Compensation

1. Neither Contracting Party shall expropriate or nationalize investments in its Area of investors of the other Contracting Party or take any measure equivalent to expropriation or nationalization (hereinafter referred to as "expropriation") except:

- (a) for a public purpose;
- (b) in a non-discriminatory manner;
- (c) upon payment of prompt, adequate and effective compensation pursuant to paragraphs 2, 3, and 4; and
- (d) in accordance with due process of law and Article 5.

2. The compensation shall be equivalent to the fair market value of the expropriated investments at the time when the expropriation was publicly announced or when the expropriation occurred, whichever is earlier. The fair market value shall not reflect any change in value occurring because the expropriation had become publicly known earlier.

3. The compensation shall be paid without delay and shall include interest at a commercially reasonable rate, taking into account the length of time until the time of payment. It shall be effectively realizable and freely transferable, and shall be freely convertible into freely usable currencies at the market exchange rate prevailing on the date of expropriation.

4. This Article shall not apply to the issuance of compulsory licenses granted in relation to intellectual property rights, or to the revocation, limitation, or creation of intellectual property rights, to the extent that such issuance, revocation, limitation or creation is consistent with the TRIPS Agreement.

Article 17
Protection from Strife

1. Each Contracting Party shall accord to investors of the other Contracting Party that have suffered loss or damage relating to their investments in the Area of the former Contracting Party due to armed conflict or a state of emergency such as revolution, insurrection, civil disturbance or any other similar event in the Area of that former Contracting Party, treatment, as regards restitution, indemnification, compensation or any other settlement, that is no less favorable than the treatment it accords to its own investors or to investors of a non-Contracting Party, whichever is more favorable to the investors of the other Contracting Party.

2. Any payment as a means of settlement referred to in paragraph 1 shall be effectively realizable, freely transferable and freely convertible at the market exchange rate into freely usable currencies.

Article 18
Subrogation

1. If a Contracting Party or its designated agency makes a payment to any investor of that Contracting Party under an indemnity, guarantee or insurance contract, pertaining to an investment of such investor in the Area of the other Contracting Party, the latter Contracting Party shall recognize the assignment to the former Contracting Party or its designated agency of any right or claim of such investor on account of which such payment is made and shall recognize the right of the former Contracting Party or its designated agency to exercise by virtue of subrogation any such right or claim to the same extent as the original right or claim of the investor. As regards payment to be made to that former Contracting Party or its designated agency by virtue of such assignment of right or claim and the transfer of such payment, the provisions of Articles 16, 17, and 19 shall apply mutatis mutandis.

2. This Article does not recognize the right of claim under Article 21 of a Contracting Party or its designated agency solely based on the fact that either has made a payment based on an indemnity, guarantee or insurance contract against commercial risk.

Article 19
Transfers

1. Each Contracting Party shall ensure that all transfers relating to investments in its Area of an investor of the other Contracting Party may be freely made into and out of its Area without delay. Such transfers shall include:

- (a) the initial capital and additional amounts to maintain or increase investments;
- (b) profits, interest, capital gains, dividends, royalties, fees and other current incomes accruing from investments;
- (c) payments made under a contract including loan payments in connection with investments;
- (d) proceeds of the total or partial sale or liquidation of investments;
- (e) earnings and remuneration of personnel from the other Contracting Party engaged in activities in connection with investments in the Area of the former Contracting Party;
- (f) payments made in accordance with Articles 16 and 17; and
- (g) payments arising out of the settlement of a dispute under Article 21.

2. Each Contracting Party shall further ensure that such transfers may be made without delay in freely usable currencies at the market exchange rate prevailing on the date of the transfer.

3. Notwithstanding paragraphs 1 and 2, a Contracting Party may delay or prevent a transfer through the equitable, non-discriminatory and good-faith application of its laws and regulations relating to:

- (a) bankruptcy, insolvency or the protection of the rights of creditors;
- (b) issuing, trading or dealing in securities;
- (c) criminal or penal offenses;

- (d) reports or record keeping of transfers of currency or other monetary instruments required in accordance with applicable laws and regulations; or
- (e) ensuring compliance with orders or judgments in adjudicatory proceedings.

Article 20

Settlement of Dispute between the Contracting Parties

1. Each Contracting Party shall accord sympathetic consideration to, and shall afford adequate opportunity for consultation regarding, such representations as the other Contracting Party may make with respect to any matter affecting the interpretation and application of this Agreement.

2. Any dispute between the Contracting Parties as to the interpretation and application of this Agreement, not satisfactorily adjusted by diplomacy within a period of six (6) months, shall be referred for decision to an arbitration board. Such arbitration board shall be composed of three (3) arbitrators, with each Contracting Party appointing one (1) arbitrator within a period of thirty (30) days from the date of receipt by either Contracting Party from the other Contracting Party of a note requesting arbitration of the dispute, and the third arbitrator to be agreed upon as President by the two (2) arbitrators so chosen, in consultation with the Contracting Parties, within a further period of thirty (30) days, provided that the third arbitrator shall not be a national of either Contracting Party nor have his or her usual place of residence in either Contracting Party, nor be employed by either Contracting Party.

3. If the necessary appointments referred to in paragraph 2 have not been made within the periods referred to in that paragraph, either Contracting Party may, unless otherwise agreed, request the President of the International Court of Justice to make such appointments.

4. If the President of the International Court of Justice is prevented from performing the duty referred to in paragraph 3 or is a national of either Contracting Party, the Vice-President shall be requested to make the necessary appointments. If the Vice-President is prevented from performing the above-mentioned duty or is a national of either Contracting Party, the necessary appointments shall be made by the most senior judge who is not a national of either Contracting Party.

5. In appointing the arbitrators, the Contracting Parties consider that arbitrators of an arbitration board should:

- (a) have expertise in investment and experience in law or in international trade;
- (b) be chosen strictly on the basis of objectivity, reliability and sound judgment; and
- (c) not receive instructions from the government of either Contracting Party.

6. The arbitration board shall, within a reasonable period of time, reach its decision by a majority of votes. Such decision shall be final and binding.

7. Without prejudice to the provisions of paragraph 6, each Contracting Party may request the arbitration board, within fifteen (15) days after the notification of its decision, a clarification or interpretation of the decision. The arbitration board shall decide on such request within fifteen (15) days after the request is made.

8. Each Contracting Party shall bear the cost of the arbitrator of its choice and its representation in the arbitral proceedings. The cost of the President of the arbitration board in discharging his or her duties and the remaining costs of the arbitration board shall be borne equally by the Contracting Parties.

Article 21

Settlement of Investment Disputes between a Contracting Party and an Investor of the Other Contracting Party

1. For the purposes of this Agreement, "investment dispute" is a dispute between a Contracting Party and an investor of the other Contracting Party that has incurred loss or damage by reason of, or arising out of, an alleged breach of any obligation of the former Contracting Party under this Agreement with respect to the investor of that other Contracting Party or its investments in the Area of the former Contracting Party.

2. Any investment dispute shall, as far as possible, be settled amicably through consultations or negotiations between the investor who is a party to an investment dispute (hereinafter referred to as "disputing investor") and the Contracting Party that is a party to the investment dispute (hereinafter referred to as "disputing Party").

3. If the investment dispute cannot be settled through such consultations or negotiations between the disputing investor and the disputing Party (hereinafter referred to in this Article as "disputing parties") within six (6) months from the date on which the disputing investor requested in writing the disputing Party for consultations or negotiations, and if the disputing investor has not submitted the investment dispute for resolution to courts of justice or administrative tribunals under the law of the disputing Party or any other binding dispute settlement mechanism, the disputing investor may, subject to paragraph 7, submit the investment dispute to one of the following international arbitrations:

- (a) arbitration in accordance with the Convention on the Settlement of Investment Disputes between States and Nationals of Other States, done at Washington, March 18, 1965 (hereinafter referred to in this Article as "the ICSID Convention"), so long as the ICSID Convention is in force between the Contracting Parties;
- (b) arbitration under the Additional Facility Rules of the International Centre for Settlement of Investment Disputes, provided that either Contracting Party, but not both, is a party to the ICSID Convention;
- (c) arbitration under the Arbitration Rules of the United Nations Commission on International Trade Law; or
- (d) if agreed with the disputing Party, any arbitration in accordance with other arbitration rules.

4. At least ninety (90) days before submitting any investment dispute to arbitration under this Article, the disputing investor shall deliver to the disputing Party a written notice of its intention to submit the investment dispute to arbitration (hereinafter referred to in this Article as "notice of intent"). The notice of intent shall specify:

- (a) the name and address of the disputing investor;
- (b) the provisions of this Agreement alleged to have been breached;
- (c) the legal and factual basis for that claim; and

- (d) the relief sought and the approximate amount of damages claimed.

5. Each Contracting Party hereby consents to the submission of an investment dispute by a disputing investor to arbitration set forth in paragraph 3 chosen by the disputing investor.

6. The consent given by paragraph 5 and the submission by a disputing investor of an investment dispute to arbitration shall satisfy the requirements of:

- (a) Chapter II of the ICSID Convention or the Additional Facility Rules of the International Centre for Settlement of Investment Disputes for written consent of the parties to a dispute; and
- (b) Article II of the Convention on the Recognition and Enforcement of Foreign Arbitral Awards, done at New York, June 10, 1958 (hereinafter referred to in this Article as "New York Convention") for an agreement in writing.

7. No investment dispute may be submitted to arbitration under this Article unless:

- (a) the disputing investor consents in writing to arbitration in accordance with the procedures set out in this Article; and
- (b) the disputing investor gives the disputing Party written waiver of any right to initiate before any administrative tribunal, or court of justice under the law of the disputing Party, or other dispute settlement procedures, any proceedings with respect to the investment dispute.

Note: For greater certainty, if the disputing investor has submitted an investment dispute to an arbitration by virtue of written waiver in accordance with subparagraph (b), the election of forum shall be definitive.

8. Notwithstanding paragraph 7, the disputing investor may initiate or continue an action that seeks interim injunctive relief that does not involve the payment of damages before an administrative tribunal or court of justice under the law of the disputing Party.

9. Once the disputing investor has submitted an investment dispute to administrative tribunal or court of justice of the disputing Party, the election of forum shall be definitive and the disputing investor may not submit thereafter the same investment dispute to any arbitration under this Article.

10. Notwithstanding paragraph 5, no investment dispute may be submitted to arbitration set forth in paragraph 3, if more than three (3) years have elapsed since the date on which the disputing investor acquired or should have first acquired, whichever is the earlier, the knowledge that the disputing investor had incurred loss or damage referred to in paragraph 1.

11. Unless the disputing parties agree otherwise, an arbitral tribunal established under paragraph 3 shall comprise three (3) arbitrators, one (1) arbitrator appointed by each of the disputing parties and the third, who shall be the presiding arbitrator, appointed by agreement of the disputing parties. If the disputing investor or the disputing Party fails to appoint an arbitrator or arbitrators within sixty (60) days from the date on which the investment dispute was submitted to arbitration, the Secretary-General of the International Centre for Settlement of Investment Disputes (hereinafter referred to in this Article as "ICSID"), may be requested by either of the disputing parties, to appoint the arbitrator or arbitrators not yet appointed from the ICSID Panel of Arbitrators subject to the requirements of paragraphs 12 and 13.

12. In appointing the arbitrators, the disputing parties consider that arbitrators of an arbitral tribunal should:

- (a) have expertise in investment and experience in law or in international trade;
- (b) be chosen strictly on the basis of objectivity, reliability and sound judgment; and
- (c) not receive instructions from the government of either Contracting Party.

13. Unless the disputing parties agree otherwise, the third arbitrator shall not be a national of either Contracting Party, nor have his or her usual place of residence in the territory of either Contracting Party, nor be employed by either of the disputing parties, nor have dealt with the investment dispute in any capacity.

14. (a) An arbitral tribunal established under paragraph 3 shall decide the issues in dispute in accordance with this Agreement and applicable rules of international law.
- (b) Where a disputing investor submits a claim based on Article 6, the arbitral tribunal shall decide on that claim in accordance with this Article and the following:
- (i) the rules of law specified in the pertinent written agreement, or other rules of law the disputing parties may agree upon; or
 - (ii) in the absence of rules of law referred to in subparagraph (i):
 - (A) such rules of international law as may be applicable; and
 - (B) the law of the disputing Party, including its rules on the conflict of laws.

15. The disputing Party shall deliver to the other Contracting Party:

- (a) written notice of the investment dispute submitted to the arbitration no later than thirty (30) days after the date on which the investment dispute was submitted; and
- (b) copies of all pleadings filed in the arbitration.

16. The Contracting Party which is not the disputing Party may, upon written notice to the disputing parties, make submissions to the arbitral tribunal on a question of interpretation of this Agreement.

17. The arbitral tribunal may award only:

- (a) a judgment whether or not there has been a breach by the disputing Party of any obligation under this Agreement with respect to the disputing investor and its investments; and
- (b) one or both of the following remedies, only if there has been such a breach:
 - (i) monetary damages and applicable interest; and

- (ii) restitution of property, in which case the award shall provide that the disputing Party may pay monetary damages and any applicable interest, in lieu of restitution.

The arbitral tribunal may also award cost and attorney's fees in accordance with this Agreement and applicable arbitral rules.

Note: For greater certainty, the arbitral tribunal may not award punitive damages.

18. The disputing Party may make available to the public in a timely manner all documents, including an award, submitted to, or issued by, an arbitral tribunal established under paragraph 3, subject to redaction of:

- (a) confidential business information;
- (b) information which is privileged or otherwise protected from disclosure under the applicable laws and regulations of either Contracting Party; and
- (c) information which shall be withheld pursuant to the relevant arbitration rules.

19. Unless the disputing parties agree otherwise, the arbitration shall be held in a country that is a party to the New York Convention.

20. The award rendered by the arbitral tribunal shall be final and binding upon the disputing parties in respect of the particular case. This award shall be executed in accordance with the applicable laws and regulations, as well as relevant international law including the ICSID Convention and the New York Convention, concerning the execution of award in force in the country where such execution is sought.

Note: For the purpose of this Article, it is understood that neither Contracting Party shall be obliged to disclose confidential information or information which is privileged or otherwise protected from disclosure under its applicable laws and regulations or to disclose information which could impede law enforcement or otherwise be contrary to the public interest, or which would prejudice privacy or legitimate commercial interests.

Article 22
General and Security Exceptions

1. Subject to the requirement that such measures are not applied by a Contracting Party in a manner which would constitute a means of arbitrary or unjustifiable discrimination against the other Contracting Party, or a disguised restriction on investments of investors of the other Contracting Party in the Area of the former Contracting Party, nothing in this Agreement shall be construed so as to prevent the former Contracting Party from adopting or enforcing measures:

- (a) necessary to protect human, animal or plant life or health;
- (b) necessary to protect public morals or to maintain public order, provided that the public order exception may only be invoked where a genuine and sufficiently serious threat is posed to one of the fundamental interests of society;
- (c) necessary to secure compliance with the laws or regulations which are not inconsistent with the provisions of this Agreement including those relating to:
 - (i) the prevention of deceptive and fraudulent practices or to deal with the effects of a default on contract;
 - (ii) the protection of the privacy of the individual in relation to the processing and dissemination of personal data and the protection of confidentiality of personal records and accounts; or
 - (iii) safety;
- (d) imposed for the protection of national treasures of artistic, historic or archaeological value; or
- (e) necessary for the conservation of living or non-living exhaustible natural resources.

2. Nothing in this Agreement other than Article 17 shall be construed to prevent a Contracting Party from adopting or enforcing measures:

- (a) which it considers necessary for the protection of its essential security interests:

- (i) taken in time of war, or armed conflict, or other emergency in that Contracting Party or in international relations; or
 - (ii) relating to the implementation of national policies or international agreements respecting the non-proliferation of weapons; or
- (b) in pursuance of its obligations under the United Nations Charter for the maintenance of international peace and security.

Article 23
Temporary Safeguard Measures

1. A Contracting Party may adopt or maintain measures not conforming with its obligations under Article 3 relating to cross-border capital transactions and Article 19:

- (a) in the event of serious balance-of-payments and external financial difficulties or threat thereof; or
- (b) in cases where, in exceptional circumstances, movements of capital cause or threaten to cause serious difficulties for macroeconomic management, in particular, monetary and exchange rate policies.

2. Measures referred to in paragraph 1:

- (a) shall be consistent with the Articles of Agreement of the International Monetary Fund, so long as the Contracting Party taking the measures is a party to the said Articles;
- (b) shall not exceed those necessary to deal with the circumstances set out in paragraph 1;
- (c) shall be temporary and shall be eliminated as soon as conditions permit;
- (d) shall be promptly notified to the other Contracting Party; and
- (e) shall avoid unnecessary damages to the commercial, economic and financial interests of the other Contracting Party.

3. Nothing in this Agreement shall be regarded as altering the rights enjoyed and obligations undertaken by a Contracting Party as a party to the Articles of Agreement of the International Monetary Fund.

Article 24
Intellectual Property Rights

1. The Contracting Parties aiming at further promoting investment activities shall grant and ensure the adequate and effective protection of intellectual property rights, and promote efficiency and transparency in intellectual property protection system, in accordance with the TRIPS Agreement and other international agreements to which the Contracting Parties are parties.

2. Nothing in this Agreement shall affect the rights and obligations of the Contracting Parties under multilateral agreements in respect of protection of intellectual property rights to which the Contracting Parties are parties.

3. Nothing in this Agreement shall be construed so as to oblige either Contracting Party to extend to investors of the other Contracting Party and to their investments treatment accorded to investors of a non-Contracting Party and to their investments by virtue of a multilateral agreement in respect of protection of intellectual property rights, to which the former Contracting Party is a party.

Article 25
Taxation

1. Nothing in this Agreement shall apply to taxation measures except as expressly provided for in paragraphs 3 and 4 of this Article.

2. Nothing in this Agreement shall affect the rights and obligations of either Contracting Party under tax convention. In the event of any inconsistency between this Agreement and any such convention, that convention shall prevail to the extent of the inconsistency.

3. Article 16 shall apply to all taxation measures, except that a disputing investor that asserts that a taxation measure involves an expropriation may submit an investment dispute to arbitration under Article 21 only if:

- (a) the disputing investor has first referred to the competent authorities of both Contracting Parties in writing the issue of whether that taxation measure involves an expropriation; and

- (b) within one hundred and eighty (180) days after the date of such referral, the competent authorities of both Contracting Parties fail to agree that the taxation measure is not an expropriation.

Note: For the purposes of this Article, the term "competent authorities" means:

- (i) with respect to Japan, the Minister of Finance or his or her authorized representatives, who shall consider the issue in consultation with the Minister for Foreign Affairs or his or her authorized representatives; and
- (ii) with respect to the Oriental Republic of Uruguay, the Minister of Economy and Finance or his or her authorized representatives.

4. Article 21 shall apply to disputes regarding taxation measures to the extent covered by paragraph 3.

Article 26 Joint Committee

1. The Contracting Parties shall establish a Joint Committee (hereinafter referred to as "the Committee") with a view to accomplishing the objectives of this Agreement. The functions of the Committee shall be:

- (a) to discuss and review the implementation and operation of this Agreement;
- (b) to review the non-conforming measures maintained, amended or modified pursuant to paragraph 1 of Article 10 for the purpose of contributing to the reduction or elimination of such non-conforming measures;
- (c) to exchange information on and to discuss investment-related matters within the scope of this Agreement, which relate to improvement of investment environment; and
- (d) to discuss any other investment-related matters concerning this Agreement.

2. The Committee may, as necessary, make appropriate recommendations by consensus to the Contracting Parties for the more effective functioning or the attainment of the objectives of this Agreement.

3. The Committee shall be composed of representatives of the Contracting Parties. The Committee may, upon mutual consent of the Contracting Parties, invite representatives of relevant entities other than the Government of the Contracting Parties with the necessary expertise relevant to the issues to be discussed, and hold joint meetings with the private sectors.

4. The Committee shall determine its own rules of procedure to carry out its functions.

5. The Committee may establish sub-committees and delegate specific tasks to such sub-committees.

6. The Committee shall meet upon the request of either Contracting Party.

Article 27
Health, Safety and Environmental Measures
and Labor Standards

Each Contracting Party shall refrain from encouraging investment by investors of the other Contracting Party or of a non-Contracting Party by relaxing its health, safety or environmental measures or by lowering its labor standards. To this effect each Contracting Party should not waive or otherwise derogate from such measures or standards as an encouragement for the establishment, acquisition or expansion in its Area of investments by investors of the other Contracting Party and of a non-Contracting Party.

Article 28
Denial of Benefits

1. A Contracting Party may deny the benefits of this Agreement to an investor of the other Contracting Party that is an enterprise of the other Contracting Party and to its investments if the enterprise is owned or controlled by an investor of a non-Contracting Party and the denying Contracting Party:

- (a) does not maintain diplomatic relations with the non-Contracting Party; or
- (b) adopts or maintains measures with respect to the non-Contracting Party that prohibit transactions with the enterprise or that would be violated or circumvented if the benefits of this Agreement were accorded to the enterprise or to its investments.

2. A Contracting Party may deny the benefits of this Agreement to an investor of the other Contracting Party that is an enterprise of the other Contracting Party and to its investments if the enterprise is owned or controlled by an investor of a non-Contracting Party and the enterprise has no substantial business activities in the Area of the other Contracting Party.

Article 29 Headings

The headings of the Articles of this Agreement are inserted for convenience of reference only and shall not affect the interpretation of this Agreement.

Article 30 Review

In the third year following the date of entry into force of this Agreement or a year on which the Contracting Parties otherwise agree, whichever comes first, with a view to the possible improvement of the investment environment, the Contracting Parties may review this Agreement. Such review may take into consideration, among others, the functioning of the Agreement, the prohibition of additional performance requirements including with regard to a license contract, corporate social responsibility, and progressive liberalization of investment.

Article 31 Final Provisions

1. This Agreement shall enter into force on the thirtieth day after the date of exchange of diplomatic notes informing each other that their respective legal procedures necessary for the entry into force of this Agreement have been completed. It shall remain in force for a period of ten (10) years after its entry into force and shall continue in force unless terminated as provided in paragraph 3.

2. This Agreement shall also apply to all investments of investors of either Contracting Party acquired in the Area of the other Contracting Party in accordance with the applicable laws and regulations of that other Contracting Party prior to the entry into force of this Agreement.

3. A Contracting Party may, by giving one (1) year's advance notice in writing to the other Contracting Party, terminate this Agreement at the end of the initial ten (10) year period or at any time thereafter.

4. In respect of investments acquired prior to the date of termination of this Agreement, the provisions of this Agreement shall continue to be effective for a period of ten (10) years from the date of termination of this Agreement.

5. The Annexes to this Agreement shall form an integral part of this Agreement.

IN WITNESS WHEREOF, the undersigned, being duly authorized by their respective Governments, have signed this Agreement.

DONE in duplicate at Montevideo, on this twenty-sixth day of January, 2015, in the Japanese, Spanish and English languages, all three texts being equally authentic. In case of divergence of interpretation, the English text shall prevail.

FOR JAPAN:

田中径子

FOR THE ORIENTAL REPUBLIC
OF URUGUAY:

Luis Porto