

August 17, 1999

**AGREEMENT BETWEEN THE GOVERNMENT OF THE REPUBLIC OF  
THE PHILIPPINES AND THE GOVERNMENT OF THE KINGDOM OF  
SWEDEN THE PROMOTION AND RECIPROCAL PROTECTION OF  
INVESTMENTS**

**PREAMBLE**

The Government of the Republic of the Philippines and the Government of the Kingdom of Sweden hereinafter referred to as the Contracting Parties,

**DESIRING** to intensify economic cooperation between both States;

**INTENDING** to create favourable conditions for investments by nationals and companies of one Contracting Party in the territory of the other Contracting Party;

**RECOGNIZING** that encouragement and protection of such investments will favor the expansion of economic relations and increase prosperity in the territories of both States;

**HAVE AGREED AS FOLLOWS:**

**ARTICLE I  
DEFINITION OF TERMS**

For the purpose of this Agreement:

1. The term "investment" shall mean any kind of asset invested in accordance with the respective laws and regulations of either Contracting Party, and more particularly, though not exclusively:

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

(b) shares of stock and debentures of companies, or any other kind of interests in such companies;

(c) claims to money utilized for the purpose of creating an economic value, or any right to a performance having an economic value;

(d) intellectual property rights, technical processes, trade names, know-how, goodwill and other similar rights; and

(e) business concessions conferred by law or administrative decisions or under contract, including concessions to search for, extract or exploit natural resources.

Any alteration of the form in which assets are invested in accordance with the laws and regulations of the Contracting Party where the investment is made, shall not affect their classification as an investment.

Goods which under a leasing agreement are placed at the disposal of a lessee in the territory of one Contracting Party by a lessor being an

investor of the other Contracting Party, shall be treated no less favourably than an investment.

2. The term "investor" shall mean:

(a) natural persons who, with respect to the Republic of the Philippines, are citizens of the Philippines within the meaning of its Constitution, and with respect to the Kingdom of Sweden, natural persons who are citizens of Sweden within the meaning of its laws;

(b) with respect to either Contracting Party, legal entities including companies, associations of companies, trading organizations that are incorporated or, in any event, are properly organized and actually doing business under the laws of the respective Parties or in a third country with a predominant interest of an investor of either Contracting Party.

3. The term "territory" shall mean in respect of each Contracting Party the territory under its sovereignty as well as its exclusive economic zone and continental shelf over which each Contracting Party exercises sovereign rights or jurisdiction in accordance with national and international law.

4. The term "returns" means the amounts yielded by an investment for a definite period of time as profits, such as interest, capital gains, dividends, royalties, fees and other legitimate returns.

## **ARTICLE II PROMOTION AND ACCEPTANCE**

Each Contracting Party shall promote, as far as possible, investments in their respective territories by investors of the other Contracting Party and shall admit such investments in accordance with its Constitution, laws and regulations.

## **ARTICLE III PROTECTION OF INVESTMENTS**

1. Each Contracting Party shall at all times ensure fair and equitable treatment of the investments by investors of the other Contracting Party and shall not impair the management, maintenance, use, enjoyment or disposal thereof nor the acquisition of goods and services or the sale of their production, through unreasonable or discriminatory measures.

2. Subject to the laws and regulations relating to the entry and sojourn of aliens, individuals working for an investor of one Contracting Party, as well as members of their household, shall be permitted to enter into, remain on and leave the territory of the other Contracting Party for the purpose of carrying out activities associated with investments in the territory of the latter Contracting Party.

3. The investments made in accordance with the laws and regulations of the Contracting Party in whose territory they are undertaken, enjoy the full protection of this Agreement.

4. Reinvested returns yielded from an investment shall be given the same treatment and protection as an investment.

## **ARTICLE IV TREATMENT**

1. Each Contracting Party shall, in its territory, accord to investors of the other Contracting Party treatment not less favourable than that which it accords to investments or returns of investments of investors of any third State.

2. Each Contracting Party shall in its territory accord to investors of the other Contracting Party as regards management, maintenance, use, enjoyment, or disposal of their investments, treatment not less favourable than that which it accords to investors of any third State.

3. Each Contracting Party shall, in its territory; apply to investments and investors of the other Contracting Party, with respect to their investments which are made in accordance with the legislation of the Contracting Party and activities related to such investments, a treatment not less favourable than that granted to its own investments and investors, or the treatment granted to the investments and investors of the most favoured nation, if the latter is more favourable.

4. The provisions of this Agreement relative to the grant of treatment not less favourable than that accorded to investors of any third State shall not be construed as to oblige one Contracting Party to extend to investors of the other, the benefit of any treatment, preference or privilege resulting from:

(a) any existing or future customs union, common market, free trade area, or regional economic organization, or measures leading to the formation of a customs union or free trade area of which either Contracting Party is or may become a member; or

(b) any international agreement or arrangement relating wholly or mainly to taxation or any domestic legislation relating wholly or mainly to taxation.

## **ARTICLE V EXPROPRIATION**

1. Neither Contracting Party shall take any measures depriving, directly or indirectly, an investor of the other Contracting Party of an investment unless the following conditions are complied with:

(a) the measures are taken in the public interest and under due process of law;

(b) the measures are distinct and not discriminatory; and

(c) the measures were accompanied by provisions for the payment of prompt, adequate and effective compensation, which shall be transferable without delay in a freely convertible currency.

2. Such compensation shall be equivalent to the fair market value of the expropriated investment immediately before the impending expropriation of the investment becomes public knowledge.

The provisions of Paragraph (1) and (2) of this Article shall also apply to the returns from an investment as well as, in the event of liquidation, to

the proceeds from the liquidation.

## **ARTICLE VI COMPENSATION**

Investors of either Contracting Party who suffer losses of their investments in the territory of the other Contracting Party due to war or other armed conflict, a state of national emergency, revolt, insurrection or riot shall be accorded, with respect to restitution, indemnification, compensation or other settlements, a treatment which is no less favorable than that accorded to its own investors or to investors of any third State. Resulting payments shall be transferable without delay in a freely convertible currency.

## **ARTICLE VII TRANSFERS**

1. Each Contracting Party shall guarantee the free transfer of payments in connection with investments made in its territory by investors of the other Contracting Party which have been duly registered by its appropriate government agencies required, and in particular, though not exclusively:

(a) the returns;

(b) repayments of loans which have been regularly contracted;

(c) the proceed from a partial or total liquidation or disposal of the investment, including capital gains on the capital invested;

(d) compensation for dispossession or loss pursuant to Articles V and VI of this Agreement; and

(e) the earning of individuals, not being its nationals who are allowed to work in connection with an investment in its territory and other amounts appropriated for the coverage of expenses connected with the management of the investment.

2. Transfers of payment shall be made without delay in a, freely convertible currency at the market rate of exchange with respect to spot transactions on the date of transfer in the territory of the Contracting Party where the investment is made.

## **ARTICLE VIII SUBROGATION**

If a Contracting Party or its designated agency makes a payment to any of its investors under a guarantee it has granted in respect of an investment in the territory of the other Contracting Party, the latter Contracting Party shall, without prejudice to the rights of the former Contracting Party under Article XI, recognize the transfer of any right or title of such an investor to the former Contracting Party or its designated agency and the subrogation of the former Contracting Party or its designated agency to any such right or title.

## **ARTICLE IX CONSULTATION**

The Contracting Parties agree to consult each other at the request of either one on any matter relating to investment between the two Contracting Parties, or otherwise