

**AGREEMENT**  
**BETWEEN THE GOVERNMENT OF THE GREEN STATE AND**  
**THE GOVERNMENT OF THE PEOPLE'S REPUBLIC OF CHINA**  
**CONCERNING THE ENCOURAGEMENT AND RECIPROCAL PROTECTION**  
**OF INVESTMENTS**

The Government of the Green State and the Government of the People's Republic of China (hereinafter referred to as the Contracting Parties),

**CONVINCED** that sustained inflows of new investments and reinvestments will promote and ensure dynamic development of the Contracting Parties' economies;

**RECOGNISING** that a conducive investment environment will enhance freer flow of capital, goods and services, technology and human resources as well as overall economic and social development between the Contracting Parties;

**RECOGNISING** that the provisions of this Agreement preserve the right of the Contracting Parties to regulate within their territories and the Contracting Parties' flexibility to achieve legitimate policy objectives,

such as public health, safety, environment, public morals and the promotion and protection of cultural diversity;

**DETERMINED** to further intensify economic cooperation between the Contracting Parties; and

**REAFFIRMING** their commitment to promote sustainable development and the development of international trade in such a way as to contribute to sustainable development in its economic, social and environmental dimensions;

**HAVE AGREED** as follows:

The image contains a large, faint watermark of the Tsinghua University School of Law logo. The logo is circular and features a central scale of justice. The text 'TSINGHUA UNIVERSITY SCHOOL OF LAW' is written around the perimeter of the circle. The year '1929' is visible at the bottom of the logo. The Chinese characters '清華大學法律學院' are also present.

### ARTICLE 1

For the purposes of this Agreement,

1. The term “investment” means every kind of asset invested by investors of one Contracting Party in accordance with the laws and regulations of the other Contracting Party in the territory of the latter, and in particular, though not exclusively, includes:
  - (a) movable, immovable property and other property rights such as mortgages and pledges;

- (b) shares, stocks and any other kind of participation in companies;
- (c) claims to money or to any other performance having an economic value;
- (d) copyrights, industrial property, know-how and technological process;
- (e) concessions conferred by law or under contract, including concessions to search for or exploit natural resources.

2. The term “investors” means:

In respect of the Green State:

- (a) Natural persons who, according to the laws of the Green State, have its nationality;
- (b) All juridical persons established in accordance with the laws of the Green State and domiciled in the territory of the Green State and domiciled in the territory of the Green State, including civil and commercial companies and other associations with or without a legally acknowledged existence that perform an economic activity included within the sphere of this Agreement and which are directly or indirectly controlled by nationals of the Green State.

In respect of the People's Republic of China:

- (a) Natural persons which have the nationality of the People's Republic of China in accordance with its laws;
- (b) Economic entities established in accordance with the laws of the People's Republic of China, domiciled in the territory of the People's Republic of China and which are directly or indirectly controlled by nationals of the People's Republic of China.

3. The term "returns" means the amounts yielded by investments, such as profits, dividends, interests, royalties or any other legitimate income.

## **ARTICLE 2**

1. Each Contracting Party shall encourage investors of the other Contracting Party to make investments in accordance with its laws and regulations.
2. Each Contracting Party shall grant assistance in and provide facilities for obtaining visa and working permit to nationals of the other Contracting Party to or in the territory of the former in

connection with activities associated with such investments in accordance with its laws and regulations.

### **ARTICLE 3**

1. Investments and activities associated with investments of investors of either Contracting Party shall be accorded fair and equitable treatment and shall enjoy protection in the territory of the other Contracting Party.
2. The treatment and protection referred to in Paragraph 1 of this Article shall not be less favourable than that accorded to investments and activities associated with such investments of investors of a third State.
3. The treatments and protection as mentioned in Paragraphs 1 and 2 of this Article shall not include any preferential treatment accorded by the other Contracting Party to investments of investors of a third State based on customs unions, free trade zones, economic unions or agreements relating to the avoidance of double taxation or for facilitating frontier trade.

4. Each Contracting Party shall in its territory accord to investors of another Contracting Party and to their investments treatment no less favourable than that it accords in accordance with its laws and regulations in like circumstances to its own investors and their investments with respect to investment activities.



**ARTICLE 4**

1. Neither Contracting Party shall expropriate, nationalize or take similar measures (hereinafter referred to as “expropriation”) against investments of investors of the other Contracting Party in its territory, unless the following conditions are met:

- (a) for the public interests;
- (b) under domestic legal procedure;
- (c) without discrimination;
- (d) against compensation.

2. The compensation mentioned in Paragraph 1 (d) of this Article shall be equivalent to the value of the expropriated investments at the time when expropriation is proclaimed, be convertible and

freely transferable. The compensation shall be paid without unreasonable delay.

#### **ARTICLE 5**

Investors of one Contracting Party who suffer losses in respect of their investments in the territory of the other Contracting Party owing to war, a state of national emergency, insurrection, riot or other similar events, shall be accorded by the latter Contracting Party, with respect to measures it adopts or maintains relating to the losses, treatment no less favourable than that accorded to investors of a third State.

#### **ARTICLE 6**

1. Each Contracting Party shall, subject to its laws and regulations, guarantee investors of the Contracting Party the transfer of their investments and returns held in the territory of the one Contracting Party, including:
  - (a) profits, dividends, interests and any other legitimate income;
  - (b) amounts from total or partial liquidation of investments;

- (c) payments made pursuant to a loan agreement in connection with investments;
  - (d) royalties in Paragraph 1 (d) of Article 1;
  - (e) payments of technical assistance or technical service fee, management fee;
  - (f) payments in connection with projects on contract associated with investments;
  - (g) earnings of nationals of the other Contracting Party who work in connection with an investment in the territory of the one Contracting Party.
2. The transfers mentioned above shall be made at the prevailing exchange rate of the Contracting Party accepting the investment on the date of transfer.

#### **ARTICLE 7**

If a Contracting Party or its Agency makes payment to an investor under a guarantee it has granted to an investment of such investor in the territory of the other Contracting Party, such other Contracting Party shall recognize the transfer of any right or claim of such investor to the former Contracting Party or its Agency and recognize the subrogation of the former Contracting Party or its Agency to such right or claim. The



subrogated right or claim shall not be greater than the original right or claim of the said investor.

#### **ARTICLE 8**

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

#### **ARTICLE 9**

1. Any dispute between an investor of one Contracting Party and the other Contracting Party in connection with an investment in the territory of the other Contracting Party shall, as far as possible, be settled amicably through negotiations between the parties to the dispute.
2. If the dispute cannot be settled through negotiations within six months, either party to the dispute shall be entitled to submit this dispute to the competent court of the Contracting Party accepting the investment.
3. If a dispute involving the amount of compensation for expropriation cannot be settled within six months after resort to negotiations as specified in Paragraph 1 of this Article, it may be submitted at the request of either party to the international

arbitration of the International Centre for Settlement of Investment Disputes (ICSID), established by the Convention on the Settlement of Investment Disputes between States and Nationals of other States, signed in Washington, D.C., on 18 March 1965. Any disputes concerning other matters between an investor of either Contracting Party and the other Contracting Party may be submitted to the ICSID if the Parties to the disputes so agree. The provisions of this Paragraph shall not apply if the investor concerned has resorted to the procedure specified in Paragraph 2 of this Article.

4. The ICSID shall adjudicate in accordance with the laws of the Contracting Party to the dispute accepting the investment including its rules of the conflict of laws, the provisions of this Agreement as well as the generally recognized principles of international law accepted by both Contracting Parties.

#### **ARTICLE 10**

[Omitted]

#### **ARTICLE 11**

If the treatment to be accorded by one Contracting Party in accordance with its laws and regulations to investments or

activities associated with such investments of investors of the other Contracting Party is more favourable than the treatment provided for in this Agreement, the more favourable treatment shall be applicable.

#### **ARTICLE 12**

This Agreement shall apply to investments which are made prior to or after its entry into force by investors of either Contracting Party in accordance with the laws and regulations of the other Contracting Party in the territory of the latter.

#### **ARTICLE 13**

1. The representatives of the two Contracting States shall hold meetings from time to time for the purposes of:
  - (a) reviewing the implementation of this Agreement;
  - (b) exchanging legal information and investment opportunities;
  - (c) forwarding proposals on the promotion of investment;
  - (d) studying other issues in connection with investments.
  
2. Where either Contracting Party requests consultation on any matters of Paragraph 1 of this Article, the other Contracting Party

shall give prompt response and the consultation be held alternatively in the Green City and Beijing.

#### **ARTICLE 14**

1. This Agreement shall enter into force on the first day of the following month after the date on which both Contracting Parties have notified each other in writing that their respective internal legal procedures have been fulfilled, and shall remain in force for a period of ten years.
2. This Agreement shall continue to be in force if either Contracting Party fails to give a written notice to the other Contracting Party to terminate this Agreement by giving at least one year's written notice to the other Contracting Party.
3. After the expiration of the initial ten-year period, either Contracting Party may at any time thereafter terminate this Agreement by signing at least one year's written notice to the other Contracting Party.
4. With respect to investments made prior to the date of termination of this Agreement, the provisions of Articles 1 to 13 shall continue to be effective for a further period of fifteen years from such a date of termination.

In witness whereof, the duly authorized representatives of their respective Governments have signed this Agreement.

Done in duplicate in Beijing on 15 April 1998 in the Chinese and English languages, all texts being equally authentic, in case of divergence of interpretation, the English text shall prevail.

For the Government of the Green State

For the Government of the  
People's Republic of China

[Signature]

[Signature]

