

Agreement between the Government of Sweden and the Government of the Arab Republic of Egypt on the Mutual Protection of Investments

The Government of Sweden and the Government of the Arab Republic of Egypt,

Reiterating their desire to promote the development of economic, industrial and technical co-operation between the two countries,

Desiring to maintain fair and equitable treatment of investments of nationals and companies of one Contracting State on the territory of the other Contracting State,

Have agreed as follows:

Article 1.

For the purpose of this Agreement:

- (1) The term "investment" shall comprise every kind of asset and more particularly, though not exclusively,
- (a) Movable and immovable property as well as any other rights in rem, such as mortgage, lien, pledge, usufruct and similar rights;
 - (b) Shares or other kinds of interest in companies;
 - (c) Title to money or any performance having an economic value;
 - (d) Copyrights, industrial property rights, technical processes, trade-names and goodwill; and
 - (e) Such business-concessions under public law, including concessions regarding the prospecting for, or the extraction or winning of natural resources, as give to their holder a legal position of some duration,

Provided that the investment has been made in accordance with the laws and regulations in the host country, but irrespective of whether the investment was made before or after the entry into force of this Agreement. (2) The term "national" shall mean:

- (a) In respect of Sweden, an individual who is a citizen of Sweden according to Swedish law;
- (b) In respect of Egypt, an individual who is a citizen of Egypt according to the Egyptian law.

(3) The term "company" shall mean:

- (a) In respect of Sweden, any legal person with its seat in Sweden or with a predominating Swedish interest;
- (b) In respect of Egypt, any legal person with its seat in Egypt or with a predominating Egyptian interest.

Article 2.

(1) Each Contracting State shall at all times ensure fair and equitable treatment to the investments of nationals and companies of the other Contracting State.

(2) Investments by nationals or companies of either Contracting State on the territory of the other Contracting State shall not be subjected to a treatment less favourable than that accorded to investments by nationals or companies of third States.

(3) Notwithstanding the provisions of paragraph (2) of this Article, a Contracting State, which has concluded with one or more other States an agreement regarding the formation of a customs union or a free-trade area, shall be free to grant a more favourable treatment to investments by nationals and companies of the State or States, which are also parties to the said agreement, or by nationals and companies of some of these States. A Contracting State shall also be free to grant a more favourable treatment to investments by nationals and companies of other States, if this is stipulated under bilateral agreements concluded with such States before the date of the signature of this Agreement.

Article 3.

(1) Neither Contracting State shall take any measures depriving, directly or indirectly, nationals or companies of the other Contracting State 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 not discriminatory; and
- (c) The measures are accompanied by provisions for the payment of prompt, adequate and effective compensation, which shall be freely transferable between the territories of the Contracting States.

(2) The provisions of paragraph (1) shall also apply to the current income from an investment as well as, in the event of liquidation, to the proceeds from the liquidation.

Article 4.

(1) Each Contracting State shall, subject to its laws and regulations, allow without undue delay the transfer in any convertible currency of:

- (a) The net profits, dividends, royalties, technical assistance and technical service fees, interest and other current income, accruing from any investment of the nationals or companies of the other Contracting State;
- (b) The proceeds of the total or partial liquidation of any investment made by nationals or companies of the other Contracting State;
- (c) Funds in repayment of borrowings by nationals or companies of one Contracting State from the nationals or companies of the other Contracting State which both Contracting States have recognized as investment; and
- (d) The earnings of nationals of the other Contracting State who are allowed to work in connection with an investment on its territory.

(2) The Contracting States undertake to accord to transfers referred to in paragraph (1) of this Article a treatment as favourable as that accorded to transfers originating from investments made by nationals of any third country.

Article 5.

If a Contracting State makes a payment to any of its nationals or companies under a guarantee it has granted in respect to an investment, the other Contracting State shall, without prejudice to the rights of the former Contracting State under Article 7, recognize the transfer of any right or title of such national or company to the former Contracting State and the subrogation of the former Contracting State to any such right or title.

Article 6.

In the event of a dispute arising between a national or a company of one Contracting State and the other Contracting State in connection with an investment on the territory of that other Contracting State, it shall upon the agreement by both parties to the dispute be submitted for arbitration to the International Centre for Settlement of Investment Disputes established under the Washington Convention on the Settlement of Investment Disputes between States and Nationals of other States, dated March 18, 1965.

Article 7.

(1) If a dispute concerning the interpretation or application of this Agreement is not settled in accordance with the procedure stipulated in Article 6, it shall, upon the request of either Contracting State, be submitted to an arbitral tribunal.

(2) Such arbitral tribunal shall be established in each individual case, each Contracting State appointing one member, and those two members shall then agree upon a national of a third State as their Chairman to be appointed by the Governments of the two Contracting States. Such members shall be appointed within two months, and such Chairman within three months, after either Contracting State has made known to the other Contracting State that it wishes the dispute to be submitted to an arbitral tribunal.

(3) If the periods specified in paragraph (2) have not been observed, either Contracting State may, in the absence of any other relevant arrangement, invite the President of the International Court of Justice to make the necessary appointments. If the President is a national of either Contracting State or if he is otherwise incapacitated from discharging his function, the Vice-President should be invited to make the necessary appointments. If the Vice-President is a national of either Contracting State or if he too is incapacitated from discharging his function, the Member of the International Court of Justice next in seniority who is not a national of either Contracting State and is not incapacitated should be invited to make the necessary appointments.

(4) The arbitral tribunal shall reach its decision by a majority of votes. Such decisions shall be binding. Each Contracting State shall bear the cost of its own member and of its counsel in the arbitral proceedings; the cost of the Chairman and the remaining costs shall be borne in equal parts by both Contracting States. The arbitral tribunal may make a different regulation concerning costs. In all other respects, the arbitral tribunal shall determine its own procedure.

Article 8.

A dispute concerning the interpretation or application of this Agreement shall not be submitted to international settlement unless the domestic remedies have been exhausted. This rule shall not, however, apply where the application of such remedies is unreasonably prolonged.

A dispute whether the application of the domestic remedies is unreasonably prolonged shall be settled in accordance with the procedure laid down in Article 7.

Article 9.

Nothing in this Agreement shall prejudice any rights or benefits accruing under national or international law to interests of a national or a company of one Contracting State on the territory of the other Contracting State.

Article 10.

(1) This Agreement shall enter into force on the day the Governments of the two Contracting States notify each other that their constitutional requirements for the entry into force of this Agreement have been fulfilled.

(2) This Agreement shall remain in force for a period of twenty years and shall continue in force thereafter unless, after the expiry of the initial period of nineteen years, either Contracting State notifies in writing the other Contracting State of its intention to terminate this Agreement. The notice of termination shall become effective one year after it has been received by the other Contracting State.

(3) In respect of investments made prior to the date when the notice of termination of this Agreement becomes effective, the provisions of Articles 1 to 9 shall remain in force for a further period of twenty years from that date.

In witness whereof the undersigned, duly authorized thereto, have signed this Agreement.

Done in Cairo on the 15th of July 1978 in two originals in the English language.

For the Government of Sweden

H. E. Axel Edelstam

For the Government of the Arab Republic of Egypt

Abdel Aziz Zahwy