

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

The Government of the Republic of Peru a n d t h e
Government of the Kingdom of Sweden,

Desiring to intensify economic cooperation to the
mutual benefit of both countries and to maintain fair
and equitable conditions for investments by investors
of one Contracting Party in the territory of the other
Contracting Party,

Recognizing that the promotion and reciprocal
protection of such investments favour the expansion of
the economic relations between the two Contracting
Parties and stimulate investment initiatives,

HAVE AGREED AS FOLLOWS:

ARTICLE 1 - DEFINITIONS

For the purposes of this Agreement:

(1) The term "investment" shall mean any kind of asset,
invested by an investor of one Contracting Party in the
territory of the other Contracting Party, provided that
the investment has been made in accordance with the
laws and regulations of the other Contracting Party,
and shall include in particular, though not
exclusively:

(a) movable and immovable property as well as any other
property rights, such as mortgage, lien, pledge,
usufruct, leasing and similar rights;

(b) shares, stock or debentures and other forms of
participation in companies or joint ventures;

(c) title to money or any performance having an economic value;

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

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

A change in the form in which assets are invested does not affect their character as investments.

(2) The term "returns" shall mean the amounts yielded by an investment and in particular, though not exclusively, includes profit, interest, capital gains, dividends, royalties or fees.

(3) The term "investor" shall mean:

(a) any natural person who is a national of a Contracting Party in accordance with its laws; and

(b) any legal person having its seat in the territory of either Contracting Party, or in a third country with a predominant interest of an investor of either Contracting Party.

(4) The term "territory" shall mean the territory of each Contracting Party as well as those maritime areas adjacent to the coast of the Contracting Party concerned, to the extent to which it may exercise sovereign rights or jurisdiction in those areas in accordance with its legal system and international law.

ARTICLE 2 - PROMOTION AND PROTECTION OF INVESTMENTS

(1) Each Contracting Party shall, subject to its general policy in the field of foreign investment, promote in its territory investments by investors of the other Contracting Party and shall admit such investments in accordance with its legislation.

(2) 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 as well as the acquisition of goods and services and the sale of its production, through arbitrary or discriminatory measures.

(3) 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.

(4) 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.

ARTICLE 3 - TREATMENT OF INVESTMENTS

(1) Neither Contracting Party shall in its territory subject investments or returns of investors of the other Contracting Party to treatment less favourable than that which it accords to investments or returns of its own investors or to investments or returns of investors of any third State.

(2) Neither Contracting Party shall in its territory subject investors of the other Contracting Party, as regards their management, use, enjoyment or disposal of their investments, to treatment less favourable than that which it accords to its own investors or to investors of any third State.

(3) For the avoidance of doubt it is confirmed that the treatment provided for in paragraphs (1) and (2) above shall apply to the provisions of Articles 1 to 10 of this Agreement.

ARTICLE 4 - EXCEPTIONS

The provisions of this Agreement relative to the grant of treatment no less favourable than that accorded to the investors of either Contracting Party or of any third State shall not be construed so 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 or free trade area to which either of the Contracting Parties is or may become a party, or

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

(b) the proceeds from a total or partial sale or liquidation of any investment by an investor of the other Contracting Party;

(c) funds in repayment of loans; and

(d) the earnings 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) Any transfer referred to in this Agreement shall be effected at the prevailing market rate of exchange, in each case.

ARTICLE 7 - 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 9, 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 8 - DISPUTES BETWEEN AN INVESTOR AND A CONTRACTING PARTY

(1) Any legal dispute arising between one Contracting Party and an investor of the other Contracting Party concerning an investment of the latter in the territory of the former shall, as far as possible, be settled amicably between the two parties concerned.

(2) If any such dispute cannot be settled within three months between the parties to the dispute through amicable settlement, pursuit of local remedies or otherwise, each Contracting Party hereby consents to submit it to the International Centre for the Settlement of Investment Disputes for settlement by conciliation or arbitration under the Convention on the Settlement of Investment Disputes between States and Nationals of other States opened for signature at Washington on 18 March 1965, provided that, if the investor concerned has brought the dispute before the Courts of Justice of the Contracting Party, that is a party to the dispute, a final judgement has not been rendered within three months.

(3) A company which is incorporated or constituted under the law in force in the territory of one Contracting Party and in which before such a dispute arises the majority of shares are owned by investors of the other Contracting Party shall in accordance with Article 25(2)(b) of the Convention be treated for the purposes of the Convention as a company of the other Contracting Party.

(4) In the event of disagreement as to whether conciliation or arbitration is the more appropriate procedure, the investor affected shall have the right to choose. The Contracting Party which is a party to the dispute shall not raise as an objection at any stage of the proceedings or enforcement of an award the fact that the investor which is the other party to the dispute has received, in pursuance of an insurance contract, an indemnity in respect of some or all of his or its losses.

(5) The arbitral decisions shall be final and binding on both parties to the dispute. Each Contracting Party shall execute them in accordance with its laws.

ARTICLE 9 - DISPUTES BETWEEN THE CONTRACTING PARTIES

(1) Disputes between the Contracting Parties concerning the interpretation or application of this Agreement should if possible, be settled through the diplomatic channel.

(2) If a dispute cannot thus be settled within six months, following the date on which such negotiations were requested by either Contracting Party, it shall upon the request of one of the Contracting Parties be submitted to an arbitral tribunal.

(3) The arbitral tribunal shall be constituted ad hoc. Each Contracting Party shall appoint one member, and the two members shall choose a national of a third State who upon approval shall be appointed Chairman by both Contracting Parties. The members shall be appointed within a period of two months, and the chairman within a period of three months, after either Contracting Party has informed the other that it wishes the dispute to be submitted to an arbitral tribunal.

(4) Should any time limit specified in Paragraph (3) not be complied with, and in the absence of agreement to the contrary, either Contracting Party may invite the President of the International Court of Justice to make the necessary appointments. In the event that the President is a national of either Contracting Party or is prevented for any other reason from making the appointments, the Vice-President shall be invited to make such appointments. Should the Vice-President also be a national of either Contracting Party or if he is also prevented from making the appointments, the next Court member in seniority who is not a national of either Contracting Party shall be invited to make the appointments.

(5) The arbitral tribunal shall reach its decision by a majority of votes. Such decisions shall be final and binding. Each Contracting Party shall bear the costs for its own member of the tribunal, and of its representation in the arbitral proceedings. The costs of Chairman and the remaining costs shall be borne in equal part by the two Contracting Parties, unless the arbitral tribunal decides otherwise. The arbitral tribunal shall determine its own procedure.

ARTICLE 10 - APPLICATION OF THE AGREEMENT

(1) This Agreement shall in no way restrict the rights and benefits which an investor of one Contracting Party enjoys under national or international law in the territory of the other Contracting Party.

(2) This Agreement shall apply to all investments, whether made before or after its entry into force, but shall not apply to any dispute concerning an investment which arose, or any claim concerning an investment which was settled before its entry into force.

ARTICLE 11 - FINAL PROVISIONS

(1) The Contracting Parties shall notify each other when their respective constitutional requirements for the entry into force of this Agreement have been fulfilled. The Agreement shall enter into force the first day of the second month following the date of receipt of the last notification.

(2) This Agreement shall remain in force for a period of fifteen years. Thereafter it shall remain in force until the expiration of twelve months from the date that either Contracting Party in writing notifies the other Contracting Party of its decision to terminate this Agreement.

(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 10 shall remain in force for a further period of fifteen years from that date.

IN WITNESS WHEREOF, the undersigned, duly authorized to this effect, have signed this Agreement.

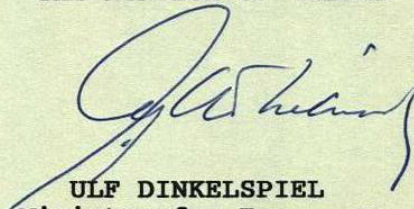
DONE at Stockholm, this third day of May, one thousand nine hundred and ninety four, in duplicate in the Spanish, Swedish and the English languages, the three texts being equally authentic. In case of difference of interpretation reference shall be made to the English text.

FOR THE GOVERNMENT OF
THE REPUBLIC OF PERU



EFRAIN GOLDENBERG SCHREIBER
President of the Council of
Ministers and Minister
of Foreign Affairs

FOR THE GOVERNMENT OF
THE KINGDOM OF SWEDEN



ULF DINKELSPIEL
Minister for European
Affairs and Foreign
Trade