No. 32902

SPAIN
and
PAKISTAN

Agreement on the reciprocal promotion and protection of investments (with exchange of notes dated 19 December 1994 and 16 January 1995). Done at Madrid on 15 September 1994

Authentic texts: Spanish and English.

Authentic text of the exchange of notes: Spanish.

Registered by Spain on 25 June 1996.

ESPAGNE
et
PAKISTAN

Accord relatif à la promotion et la protection réciproques des investissements (avec échange de notes en date des 19 décembre 1994 et 16 janvier 1995). Fait à Madrid le 15 septembre 1994

Textes authentiques : espagnol et anglais.

Texte authentique de l'échange de notes : espagnol.

Enregistré par l'Espagne le 25 juin 1996.

AGREEMENT[1] ON THE RECIPROCAL PROMOTION AND PROTECTION OF INVESTMENTS BETWEEN THE KINGDOM OF SPAIN AND THE ISLAMIC REPUBLIC OF PAKISTAN

THE KINGDOM OF SPAIN and the ISLAMIC REPUBLIC OF PAKISTAN hereinafter referred to as "The Contracting Parties",

DESIRING to intensify their economic cooperation for the mutual benefit of both countries,

INTENDING to create favourable conditions for investments made by investors of each Contracting Party in the territory of the other Contracting Party,

AND

RECOGNIZING that the promotion and protection of investments under this Agreement will stimulate initiatives in this field,

HAVE AGREED as follows :

ARTICLE I

DEFINITIONS

For the purposes of the present Agreement,

1. The term "investor" means:

(a) any individual who is a national of a Contracting Party according to its law.

(b) any legal entity, including companies, associations of companies, trading corporate entities and other

[1] Came into force on 26 April 1996, the date on which the Contracting Parties notified each other (on 22 January and 26 April 1996) of the completion of the respective constitutional formalities, in accordance with article 12 (1).

organisations which is incorporated or, in any event, is properly organised under the law of that Contracting Party and is actually managed from the territory of that Contracting Party.

2. The term "investment" means all kinds of assets, such as goods and rights of all sorts,and in particular, although not exclusively, the following:

- *Shares and other forms of participation in companies;*
- *rights arising from all types of contributions made for the purpose of creating economic value, including every loan granted for this purpose, whether capitalized or not;*
- *movable and immovable assets and any other rights such as mortagages, liens or pledges;*
- *any rights in the field of intellectual property, including patents and trademarks, as well as manufacturing licences, know-how and goodwill;*
- *rights to engage in economic and commercial activities authorized by law or by virtue of a contract, particularly those rights to search for, cultivate, extract or exploit natural resources.*

3. The term "returns" refers to income deriving from an investment in accordance with the definition contained above, and includes,in particular although not exclusively,profits, dividends and interests.

4. The term "territory" designates the land territory and territorial waters of each of the Contracting Parties, as well as the exclusive economic zone and the continental shelf that extends outside the limits of the territorial waters of each of the

Contracting Parties, over which they have or may have jurisdiction and sovereign rights for the purposes of exploitation, and conservation of natural resources, pursuant to international law.

ARTICLE 2

PROMOTION, ACCEPTANCE

1. Each Contracting Party shall encourage, in so far as possible, the investments made in its territory by investors of the other Contracting Party and shall accept such investments pursuant to its law.

2. This Agreement shall likewise be applicable to investments made by investors of one Contracting Party under the legal provisions of the other Contracting Party in the territory of the latter on or after 1st September, 1954.

ARTICLE 3

PROTECTION

1. Each Contracting Party shall protect in its territory the investments made in accordance with its laws and regulations, by investors of the other Contracting Party and shall not hamper, by means of unjustified or discriminatory measures, the management, development, maintenance, use, enjoyment, expansion, sale and if it is the case, the liquidation of such investments.

2. Each Contracting Party shall endeavour to grant the necessary permits relating to these investments and shall allow, within the framework of its law, the execution of work permits and contracts related to manufacturing-licences and technical, commercial, financial and administrative assistance.

3. Each Contracting Party shall also grant, whenever necessary, the permits required in connection with the activities of consultants or experts engaged by investors of the other Contracting Party.

ARTICLE 4

TREATMENT

1. Each Contracting Party shall guarantee in its territory fair and equitable treatment for the investments made by investors of the other Contracting Party.

2. This treatment shall not be less favourable than that which is extended by each Contracting Party to the investments made in its territory by investors of any third country.

3. However, this treatment shall not extend to the privileges that one Contracting Party may grant to investors of a third country by virtue of its membership or association with any existing or future free-trade area, customs union, common market or similar international agreement to which any of the Contracting Parties is or may become a Party.

4. The treatment given pursuant to this article shall not extend to tax deductions and exemptions or other similar privileges granted by either of the Contracting Parties to investors of third countries by virtue of a double-taxation avoidance agreement or any other taxation agreement.

5. In addition to the provisions of paragraph 2 of this article, each Contracting Party shall apply, under its own law, no less favourable treatment to the investments of investors of the other Contracting Party than that granted to its own investors.

ARTICLE 5

NATIONALIZATION AND EXPROPRIATION

1. The nationalization, expropriation or any other measure of similar characteristics or effects that may be applied by the authorities of one Contracting Party against the investments in its own territory of investors of the other Contracting Party must be applied exclusively for reasons of public interest,