
The Federal Authorities of the Swiss Confederation

Entry into force of the Agreement between Switzerland and China on the Promotion and Reciprocal Protection of Investments

Bern, 13.04.2010 - State Secretary Jean-Daniel Gerber today notified the Ambassador of the People's Republic of China, DONG Jinyi, of Switzerland's ratification of the Agreement between Switzerland and China on the Promotion and Reciprocal Protection of Investments. This allows the Agreement to enter into force with immediate effect, which will serve to stimulate bilateral economic relations and increase prosperity in both States.

The core of the agreement between the Swiss Confederation and the People's Republic of China on the Promotion and Reciprocal Protection of Investments lies in the commitment of each Contracting Party to protect and promote in its territory investments of investors of the other Contracting Party. The Agreement, which was signed in Bern during the visit of the Chinese Premier, WEN Jiabao, on 27 January 2009 conforms to today's investment protection standards. It replaces the original agreement which has been in force since 1987.

The term "investment" is broadly defined to mean every kind of asset invested in accordance with the national laws of the destination country of the investment. The States undertake not to resort to nationalisation or expropriation, except, in particular, when it is in the public interest, and in return for compensation. In addition, both countries are committed to allowing investors of the other country free transfer of payments in connection with an investment. The Agreement also provides for broad dispute settlement mechanisms in case of disputes between an investor and the host Contracting Party, one of the most important improvements in the new Agreement, as well as between the two Contracting Parties.

As a result of this new Agreement, Swiss investors will be among the first actors in the Chinese market to benefit from high protection standards under international law. The modest levels of Chinese investment in Switzerland to date may also be expected to increase as a result of the Agreement.

Bilateral investment agreements improve legal certainty and protection against non-commercial risks, thereby increasing the appeal and increasing the competitiveness of the State concerned for foreign investment. Bilateral investment agreements are important because despite the importance of direct investment in today's global economy, there are no universal rules for international investments comparable, for example, to the WTO regulations on international trade in goods and services.

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