Annex IV
referred to Article 13

Expropriation

The Contracting Parties confirm their shared understanding with respect to indirect expropriation referred to in Article 13, as follows:

(a) Indirect expropriation is a measure or a series of measures by a Contracting Party, which has an effect equivalent to direct expropriation without formal transfer of title or outright seizure;

(b) The determination of whether a measure or series of measures by a Contracting Party, in a specific fact situation, constitutes an indirect expropriation requires a case-by-case, fact-based inquiry that considers, among other factors:

(i) the economic impact of the measure or series of measures, although the fact that such measure or series of measures has an adverse effect on the economic value of investments, standing alone, does not establish that an indirect expropriation has occurred;

(ii) the extent to which the measure or series of measures interferes with distinct, reasonable expectations arising out of investments; and

(iii) the characteristic of the measure or series of measures, including whether such measure or series of measures are non-discriminatory; and

(c) Non-discriminatory measures of a Contracting Party that are designed and applied to protect legitimate public welfare objectives stated in paragraph 1 of Article 19 do not constitute indirect expropriation.

Note: It is understood that paragraph 1 of Article 19 includes measures to protect the environment.