

**AGREEMENT BETWEEN THE GOVERNMENT OF THE REPUBLIC OF
THE PHILIPPINES AND THE GOVERNMENT OF MONGOLIA ON
THE PROMOTION AND RECIPROCAL PROTECTION OF
INVESTMENTS**

PREAMBLE

The Government of the Republic of the Philippines and the Government of Mongolia, hereinafter referred to as the Contracting Parties,

Desiring to intensify economic cooperation to the mutual benefit of both States,

Intending to create and maintain favorable conditions for investments by investors of one Contracting Party in the territory of the other Contracting Party,

Recognizing the need to promote and protect foreign investments with the aim to foster the economic prosperity of both States,

Have agreed as follows:

**ARTICLE I
DEFINITIONS**

For the purpose of this Agreement:

1. The term "investor" means, with regard to either Contracting Party:

(a) natural persons who, according to the law of that contracting Party, are, considered to be its nationals;

(b) legal entities, including companies, corporations, business associations and organisations, which constituted or otherwise duly organised under the law of that Contracting Party and have their seat, together with real economic activities, in the territory of that same Contracting Party;

2. The term "investments" means any kind of asset, admitted 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 rights in rem, such as mortgages, liens, pledges, or usufructs;

(b) shares, parts or any other kinds of participation in companies;

(c) claims to money, including bonds and debentures, or to any performance having an economic value;

(d) copyrights, industrial property rights, technological processes, know-how and goodwill;

(e) business concessions and other rights to conduct economic activities conferred by law or under contract, including concessions to search for, extract or exploit natural resources.

3. The term "returns" means the amounts yielded by an investment and in particular, though not exclusively, includes profits, interest, dividends, royalties and fees.

4. The term territory means:

(a) with respect to the Government of the Republic of the Philippines, the national territory as defined in Article I of its Constitution.

(b) with respect to the Government of Mongolia, the territory on which the Mongolian Government is implementing its jurisdiction in accordance with its legislations and international law over which it exercises full sovereignty.

ARTICLE II SCOPE OF APPLICATION

The present Agreement shall apply to investments in the territory of one Contracting Party made in accordance with its laws and regulations by investors of the other Contracting Party, whether prior to or after the entry into force of the Agreement.

ARTICLE III PROMOTION, ADMISSION

1. Each Contracting Party shall in its territory promote as far as possible investments by investors of the other Contracting Party and admit such investments in accordance with its laws and regulations.

2. When a Contracting Party shall have admitted an investment on its territory, it shall grant the necessary permits in connection with such an investment and with the carrying out of licensing agreements and contracts for technical, commercial or administrative assistance. Each Contracting Party shall, whenever needed, endeavour to issue the necessary authorizations concerning the activities of consultants and other qualified persons of foreign nationality.

ARTICLE IV PROTECTION, TREATMENT

1. Each Contracting Party shall protect within its territory investments made in accordance with its laws and regulations by investors of the other Contracting Party and shall not impair by unreasonable or discriminatory measures the management, maintenance, use, enjoyment, extension or disposal of such investments.

2. Each Contracting Party shall ensure fair and equitable treatment within its territory of the investments of the investors of the other Contracting Party. This treatment shall not be less favourable than that granted by each Contracting Party to investments made within its territory by its own investors, or than that granted by each Contracting Party to the investments made within its territory by investors of the most favoured nation, if this latter treatment is more favourable.

3. The provisions of this Agreement relative to the grant of treatment not less favorable than that accorded to the investors of any third State shall not be construed as to oblige one Contracting Party to extend to the investors of the other Contracting Party benefit, or any treatment, preference or privilege resulting therefrom:

(a) any existing or future customs union, common market, free trade area, or regional economic organization or measures leading to the formation of a customs union or free trade area of which either Contracting Party is or may become a member, or

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

ARTICLE V FREE TRANSFER

1. Each Contracting Party in whose territory investments have been made by investors of the other Contracting Party shall guarantee those investors the unrestricted transfer of the payment relating to these investments, particularly of:

(a) returns;

(b) repayment of loans;

(c) amounts assigned to cover expenses relating to the management of the investment;

(d) royalties and other payments deriving from rights enumerated in Article 1, paragraph (2), letters (c), (d) and (e) of this Agreement.

(e) additional capital necessary for the maintenance or development of the investment;

(f) the proceeds of the sale or of the partial or total liquidation of the investment, including possible increment values;

(g) earnings of natural persons.

2. Transfers shall be effected without delay in a freely convertible currency. Such transfers shall be made at the rate of exchange applicable on the date of transfer.

ARTICLE VI DISPOSSESSION, COMPENSATION

1. Neither of the Contracting Parties shall take, either directly or indirectly, measures of expropriation, nationalization or any other measures having the same nature or the same effect against investments of investors of the other Contracting Party, unless the measures are taken in the public interest, or a non-discriminatory basis, and under due process of law, and provided that provisions be made for effective and adequate compensation. The amount of compensation shall include interest, from the date of dispossession until payment, shall be settled in a freely convertible currency and paid without delay to the person entitled thereto without regard to its residence or domicile.