

April 23, 1999

**AGREEMENT BETWEEN THE GOVERNMENT OF THE REPUBLIC OF
THE PHILIPPINES AND THE GOVERNMENT OF THE ISLAMIC
REPUBLIC OF PAKISTAN FOR THE PROMOTION AND
RECIPROCAL PROTECTION OF INVESTMENT**

The Government of the Republic of the Philippines and the Government of the Islamic Republic of Pakistan, hereinafter referred to as the Contracting Parties.

DESIRING to intensify economic cooperation between both STATES:

INTENDING to create favorable conditions for investments by investors of one Contracting Party in the territory of the other Contracting Party, and to increase prosperity in their respective territories;

RECOGNIZING that encouragement and protection of such investments will benefit the economic prosperity of both States;

HAVE AGREED AS FOLLOWS:

**ARTICLE I
PROMOTION AND ACCEPTANCE**

Each Contracting Party shall promote as far as possible investments in its territory by investors of the other Contracting Party and shall admit such investments in accordance with its Constitution, laws and regulations. Such investment shall be accorded equitable and reasonable treatment.

**ARTICLE II
DEFINITION OF TERMS**

For the purpose of this Agreement:

1. The term "investment" shall mean any kind of asset connected with business investment and accepted in accordance with the respective laws and regulations of either Contracting Party, and more particularly, though not exclusively:

(a) movable and immovable property as well as other rights in rem, such as mortgages, liens, pledges, usufructs and similar rights;

(b) shares of stock and debentures of companies or interest in the property of such companies;

(c) claims to money utilized for the purpose of creating an economic value or to any performance having an economic value;

(d) copyrights, industrial property rights, technical processes, know-how, trademarks and trade names;

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

2. Any admitted alteration of the form in which assets are invested shall not affect their classification as an investment.

The term "investors" shall mean any legal entity or national of one Contracting Party who makes investment in the territory of the other Contracting Party:

(a) national means any physical person AGREEMENT BETWEEN THE GOVERNMENT OF THE REPUBLIC OF THE PHILIPPINES AND THE GOVERNMENT OF THE ISLAMIC REPUBLIC OF PAKISTAN FOR THE PROMOTION AND RECIPROCAL PROTECTION OF INVESTMENT who is a citizen of either Contracting Party in accordance with its Constitution, laws and regulations.

(b) with respect to both Contracting Parties, legal entities mean any legal entities including companies, associations of companies, trading corporate entities including companies, associations of companies, trading corporate entities and other organizations that are incorporated or, in any event, are properly organized and actually doing business under the laws of the respective Party and have their headquarters in the territory of the respective Party where effective management is carried out.

3. The term "territory" shall mean:

(a) with respect to the Republic of the Philippines, the national territory as defined in Article I of its 1987 Constitution.

(b) with respect to the Islamic Republic of Pakistan, the term 'Pakistan' means Pakistan as defined in the Constitution of the Islamic Republic of Pakistan and includes any area outside the territorial waters of Pakistan which under the laws of Pakistan and in accordance with international law is an area within which rights of Pakistan with respect to the sea-soil and superjacent waters and their natural resources may be exercised.

4. The term "companies" shall mean corporations, partnerships or other associations, incorporated or constituted and actually doing business under the laws in force in any part of the territory of that Contracting Party wherein a place of effective management is situated. Provided that any particular company may be excluded from the foregoing definition by mutual agreement between the Contracting Parties on the grounds of the need to maintain public order, to protect essential security interest or to fulfill commitments relating to peace and security.

5. The term "returns" shall mean the amount yielded by an investment for a definite period of time as profits, interest; capital gains, dividends, royalties, fees and other legitimate returns.

6. The term "market value" shall mean the value of property immediately prior to its expropriation/nationalization or immediately before its expropriation/nationalization was publicly announced.

ARTICLE III TREATMENT

1. Each Contracting Party shall in its territory accord investments of investors of the other Contracting Party treatment not less favorable than that which it accords to investments or return of investments of investors of any third State.

2. Each Contracting Party shall in its territory accord the investors of the other Contracting Party, as regards management, maintenance, use, enjoyment, or disposal of their investments, treatment not less favorable than that which it accords to investors of any third State.

3. The provisions of this Agreement relative to the grant of treatment not less favorable than that accorded to 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 of any treatment, preference or privilege resulting from:

(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.

4. All matters relating to profits/income and tax thereon shall be regulated by the provisions of the operative agreement on Avoidance of Double Taxation between the two countries and where provisions of the said agreement are silent, the domestic laws of each concerned state will be applicable.

ARTICLE IV EXPROPRIATION

1. Each Contracting Party shall not take measures of expropriation, nationalization or dispossession, either direct or any measure equivalent thereto against investments belonging to investors of the other Contracting Party, unless the measures are taken in the public interest, public use or in the interest of the national defense on a non-discriminatory basis and under due process of law and upon payment of just compensation.

2. Such compensation shall amount to the market value of the expropriated investment immediately before the impending expropriation becomes public knowledge. The compensation shall be made without undue delay, and shall be effectively realizable and freely transferable.

ARTICLE V COMPENSATION

If a Contracting Party makes restitution, indemnification, compensation or other settlement for losses suffered owing to war, revolution, state of national emergency, revolt, insurrection, riot, or other armed conflicts in the territory of such Contracting Party, it shall accord to the investors of the other Contracting Party whose investments in the territory of the former have suffered such losses, treatment not less favorable than that which the Contracting Party shall accord to the investors of any third State. Resulting payments shall be freely transferable.

ARTICLE VI TRANSFERS

Each Contracting Party shall within the scope of its laws and regulations, ensure the free transfer of investments, the returns thereof as well as the total or partial liquidation of investments of investors of the other Contracting Party subject