

**AGREEMENT BETWEEN THE GOVERNMENT OF THE REPUBLIC OF THE PHILIPPINES AND THE GOVERNMENT OF THE REPUBLIC OF INDONESIA CONCERNING THE PROMOTION AND PROTECTION OF INVESTMENTS**

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

Bearing in mind the friendly and cooperative relations existing between the two countries and their peoples;

Intending to create favorable conditions for investments by investors of each Contracting Party on the basis of sovereign equality and mutual benefit; and

Recognizing that the Agreement on the Promotion and Protection of such investments will be conducive to the stimulation of investment activities in both countries;

HAVE AGREED AS FOLLOWS:

**ARTICLE I  
DEFINITIONS**

For the purpose of this Agreement.

1. The term "investments" means any kind of asset invested by investors of one Contracting Party in the territory of the other Contracting Party and admitted in conformity with the laws and regulations of the latter, including, but not exclusively:

- a. movable and immovable property as well as other rights such as mortgages, liens, pledges, usufructs, privileges, and guarantees and any other similar rights relative thereto;
- b. rights derived from shares, bond or any other form of interest in companies or joint venture in the territory of the other Contracting Party;
- c. claims to money or to any performance having an economic value;
- d. intellectual property rights, technical processes, goodwill and know-how;
- e. business concessions conferred by law or under contract related to investment including concessions to search for or exploit natural resources.

Any alteration of the form in which assets are invested shall not affect their character as an admitted investment provided that such alteration has also been approved or admitted under Article II hereof.

2. The term "investor" means the following subjects which have made an investment in the territory of the other Contracting Party in accordance with the present Agreement:

a. natural persons who, according to the law of that Contracting Party, are considered to be its nationals;

b. legal persons that are constituted, incorporated or in any event, are properly organized and actually doing business under the laws of the respective Contracting Party and have their effective economic activities in the territory of the respective Contracting Party where effective management is carried out.

3. The term "without delay" means such period as is normally required for the completion of the necessary formalities for the transfer of payments.

4. The term "territory" means:

a. In respect of the Republic of the Philippines:

the term "Philippines" shall refer to the territory of the Republic of the Philippines in accordance with its Constitution and laws including adjacent areas and such other areas over which the Republic has sovereign rights and other rights under international law.

b. In respect of the Republic of Indonesia:

the territory of the Republic of Indonesia as defined in its laws and the adjacent areas over which the Republic of Indonesia has sovereignty, sovereign rights or jurisdiction in accordance with international law;

## **ARTICLE II**

### **PROMOTION, ADMISSION AND PROTECTION OF INVESTMENTS**

1. Either Contracting Party shall promote, encourage and create favorable conditions for investors of the other Contracting Party to invest in its territory, and shall admit such investments in accordance with its laws and regulations.

2. Investments of investors of either Contracting Party shall at all times be accorded fair and equitable treatment and shall enjoy adequate protection and security in the territory of the other Contracting Party.

## **ARTICLE III**

### **MOST-FAVORED-NATION PROVISIONS**

1. Each Contracting Party shall ensure fair and equitable treatment of the investments of investors of the other Contracting Party and shall not impair, by unreasonable or discriminatory measures, the operation, management, maintenance, use, enjoyment or disposal thereof.

2. More particularly, each Contracting Party shall accord to such admitted investments and returns of investments treatment which in any case shall not be less favorable than that accorded to admitted investments or returns of investments of investors of any third State.

3. If a Contracting Party has accorded special advantages to investors of any third State by virtue of agreements establishing customs unions, economic unions, monetary unions or similar institutions, or on the basis of interim agreements leading to such unions of institutions, that Contracting Party shall not be obliged to accord such advantages to investors of the other Contracting Party.

## **ARTICLE IV EXPROPRIATION**

Each Contracting Party shall not undertake any measures of expropriation, nationalization or any other dispossession, having effect equivalent to nationalization or expropriation against the investments of an investor of the other Contracting Party except under the following conditions:

- a) the measures are taken for a public purpose and in accordance with legal process;
- b) the measures are non-discriminatory;
- c) the measures are accompanied by provisions for the prompt payment of adequate and effective compensation. Such compensation shall amount to the fair market value of the properties expropriated before the measure of dispossession became public knowledge. Such market value shall be determined in accordance with internationally acknowledged practices and methods or, where such fair market value cannot be determined, it shall be such reasonable amount as may be mutually agreed upon between the Contracting Parties and it shall be freely transferable and in freely convertible currencies.

## **ARTICLE V COMPENSATION FOR LOSSES**

1. Investors of one Contracting Party, whose investments in the territory of the other Contracting Party suffer losses owing to war, civil war, or other armed conflict, revolution, a state of national emergency, revolt, insurrection in the territory of the latter Contracting Party, shall be accorded by the latter Contracting Party as regards restitution, indemnification, compensation or other settlement.
2. Treatment shall not be less favorable than that which the latter Contracting Party accords to its own investors or investors of any third state, whichever is more favorable to the investors concerned.

## **ARTICLE VI TRANSFER**

1. Either Contracting Party shall allow within the scope of its laws and regulations, in respect to investments by investors of the other Contracting Party the free transfer of:
  - a. profits, interests, dividends and other current income;
  - b. funds necessary for its investments and/or in repayment of loans related to admitted investments;
  - c. royalty or fees;
  - d. earnings of natural persons;
  - e. the proceeds of sales or liquidation of the investment;
  - f. compensation for losses and expropriation;