

AGREEMENT BETWEEN THE GOVERNMENT OF THE REPUBLIC OF THE PHILIPPINES AND THE GOVERNMENT OF THE STATE OF BAHRAIN FOR THE PROMOTION AND RECIPROCAL PROTECTION OF INVESTMENTS

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

DESIRING to intensify economic co-operation between both States;

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

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

HAVE AGREED AS FOLLOWS:

ARTICLE 1 PROMOTION AND ACCEPTANCE

1. Each Contracting Party shall promote as far as possible investments in its territory by nationals and companies of the other Contracting Party and shall admit such investments in accordance with its Constitution, 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. Neither Contracting Party shall in any way impair by unreasonable or discriminatory measures the management, maintenance, use, enjoyment or disposal of investments in its territory of investors of the other Contracting Party. Each Contracting Party shall observe any obligation it may have entered into with regard to investments of investors of the other Contracting Party.

ARTICLE 2 DEFINITION OF TERMS

For the purposes of Agreement:

1. The term "investment" shall mean any kind of asset 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, or pledges, usufructs and similar rights as defined in accordance with the laws and regulations of the Contracting Party in whose territory the property is situated.

b) Shares, stocks, and debentures of companies or other kinds of participation in the property of such companies;

- c) Claims to money utilized for the purposes of creating an economic value or to any performance having an economic value;
- d) Copyrights, industrial property rights, technical processes, know-how, trademarks and tradenames;
- e) Business concessions conferred by law or under contract, including concessions to search for, extract or exploit natural resources.

Any admitted alteration of the form in which assets are invested shall not affect their classification as an investment provided that such alteration does not contradict the laws of the Contracting Party in the territory of which the investments are made.

2. The term "investors" shall mean:

- a) with respect to the State of Bahrain are natural persons deriving their status as nationals of either Contracting Party according to its applicable law, and individuals who, with respect to the Republic of the Philippines, are citizens of the Philippines within the meaning of its Constitution.
- b) with respect to both countries, legal 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 in accordance with the laws of the Contracting Parties.

3. The term "territory" shall mean:

- a) with respect to the State of Bahrain its sovereign territory including the territorial sea, the continental shelf, any exclusive economic zone over which it exercises sovereign rights and jurisdiction in accordance with International Law.
- b) With respect to the Republic of the Philippines, the national territory as defined in Article 1 of its Constitution.

4. The term "nationals" shall mean:

- a) with respect to the State of Bahrain national persons deriving their status as Bahrain nationals under the applicable laws of Bahrain.
- b) with respect to the Republic of the Philippines, citizens of the Philippines within the meaning of Article IV of its Constitution.

5. The term "companies" shall mean corporations, partnerships or other associations, incorporated or constituted in accordance with the laws of the Contracting Parties. 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 or to fulfill commitments relating to peace and security.

6. 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.

7. The term "market value" shall mean the value of property immediately prior to expropriation or immediately before it was publicly announced and shall be determined in accordance with internationally acknowledged practices and methods.

ARTICLE 3 TREATMENT

1. Each Contracting Party shall in its territory accord investments of nationals or companies of the other Contracting Party treatment not less favourable than that which it accords to investments or returns on investments of nationals or companies of any third State.

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

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

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 4 APPROPRIATION

1. Each Contracting Party shall not take measures of expropriation, nationalization or dispossession, or any other measure equivalent thereto against investments belonging to nationals or companies of the other Contracting Party, unless the measure 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 in freely transferable currencies.

ARTICLE 5 COMPENSATION

If a Contracting Party makes restitution, indemnification, compensation or other settlement for losses suffered owing to war, revolution, state of the national emergency, revolt, insurrection, riot, or other armed conflicts in the territory of such Contracting Party, it shall accord to the nationals or companies of the other Contracting Party shall accord to its own investors nationals or investors and nationals or companies of any third State whichever is more favourable to the investor concerned. Resulting payments shall be effectively realizable, freely transferable and in freely transferable currencies.

ARTICLE 6 TRANSFER