

March 25, 1998

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

**PREAMBLE**

The Government of the Republic of the Philippines and the Government of the Republic of Finland

Desiring to create and maintain favourable conditions for investment by investors of one Contracting Party in the territory of the other Contracting Party;

Recognising that the encouragement and protection of such investments on the basis of an Agreement will be conducive to the stimulation of business initiatives; transfer of capital and technology and increasing economic prosperity of both Contracting Parties;

Have agreed as follows:

**ARTICLE 1  
DEFINITIONS**

For the purpose of this Agreement:

1) The term "Investment" means every kind of asset, established or acquired by an investor of one Contracting Party in the territory of the other Contracting Party in accordance with the laws and regulations of the latter Contracting Party, and in particular, though not exclusively, includes:

(a) movable and immovable property as well as reinvested returns, and property rights such as mortgages, liens, pledges, leases, usufructs and other similar rights;

(b) shares and debentures of a company and any other forms of participation in a company;

(c) claims to money or to any performance having economic value;

(d) intellectual property rights, such as patents, copyrights, industrial designs, technical processes, know-how and goodwill;

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

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

2) The term "Returns" means the amounts yielded by an investment and in particular, though not exclusively, includes profits, capital gains, dividends, royalties and fees.

3) The term "Investor" means:

- (a) any natural person who is a citizen of the Contracting Party in accordance with its laws, or
- (b) any legal person, including a corporation, firm or association incorporated or constituted in accordance with the laws and regulations of a Contracting Party and having its seat in the territory of that Contracting Party.

## **ARTICLE 2 PROMOTION, ADMISSION AND PROTECTION OF INVESTMENTS**

- 1) Each Contracting Party shall promote in its territory investments by investors of the other Contracting Party and shall admit such investments in accordance with its laws and regulations.
- 2) investments by investors of one Contracting Party shall at all times enjoy full protection and security in the territory of the other Contracting Party. The said Contracting Party shall in no way by unreasonable or discriminatory measures impair the management, maintenance, use, operation, enjoyment or disposal of investments by investors of the other Contracting Party.
- 3) The host Party shall, within the framework of its legislation, give a sympathetic consideration to applications by investors of the other Contracting Party for necessary permits in connection with the investments in its territory, including authorisations for engaging top managerial and technical personnel of their choice.

## **ARTICLE 3 TREATMENT OF INVESTMENTS**

- 1) Each Contracting Party shall guarantee fair and equitable treatment to investments made by investors of the other Contracting Party in its territory.
- 2) Each Contracting Party shall accord admitted investments of investors of the other Contracting Party in its territory treatment which is no less favourable than that accorded to investments or returns of investments by its own investors or by investors of any third State, whichever is more favourable to the investor.
- 3) Each Contracting Party shall accord investors of the other Contracting Party, as regards the management, maintenance, use, operation, enjoyment or disposal of their investments, treatment which is no less favourable than the host Party accords to its own investors or to investors of any third State, whichever is more favourable to the investor.
- 4) The provisions of this Agreement, relative to the granting of treatment no less favourable than that accorded to investors of either Contracting Party or of any third State, shall not be construed so as to oblige the host Party to extend to investors of the other Contracting Party the benefit of any treatment, preference or privilege resulting from:
  - (a) any regional economic organisation or customs union of which the host Party is or may become a party;

(b) any international agreement or arrangement relating wholly or mainly to taxation or any domestic legislation relating wholly or mainly to taxation;

(c) a multilateral convention or treaty related to investments, of which one of the Contracting Parties is or may become a party

5) If the legislation of either Contracting Party or obligations under international law existing at present or established hereafter between the Contracting Parties in addition to this Agreement contain a regulation, whether general or specific, entitling investments by investors of the other Contracting Party to a treatment more favourable than is provided for by this Agreement, such a regulation shall to the extent that it is more favourable prevail over this Agreement. Each Contracting Party shall observe any other obligation it has assumed with regard to investments in its territory by investors of the other Contracting Party.

#### **ARTICLE 4 COMPENSATION FOR LOSSES**

A Contracting Party shall accord to investors of the other Contracting Party whose investments in the territory of the host Party have suffered losses owing to war, revolution, a state of national emergency, revolt, insurrection, riot or other armed conflicts a restitution, indemnification, compensation or other settlement, no less favourable than that which the Contracting Party accords for losses suffered on the investments of its own investors or investors of any third State, whichever is more favourable to the investor.

#### **ARTICLE 5 EXPROPRIATION**

1) Investments by investors of one Contracting Party in the territory of the other Contracting Party shall not be nationalised, expropriated or subjected to other direct or indirect measures having the same unless the measures are taken in the public interest and against prompt; effective and adequate compensation.

2) Such compensation shall amount to the fair market value of the investment expropriated immediately before the expropriation or the impending expropriation became public knowledge. The compensation shall be effectively realisable and freely transferable- In the event that payment of compensation is unduly delayed, compensation shall also include interest at the London Interbank Offered Rate (LIBOR) for three months deposits until the date of actual payment.

3) The legality of any such expropriation or measures having the same effect and the amount of compensation shall be subject to review by due process of law.

#### **ARTICLE 6 FREE TRANSFER**

1) Each Contracting Party shall ensure without delay the investors of the other Contracting Party the unrestricted transfer of payments in connection with an investment into and out of its territory in a freely convertible currency, particularly of:

(a) the principal and additional amounts to maintain or increase the investment;