

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

PREAMBLE

The Government of the Republic of the Philippines and the Government of the Islamic Republic of Iran hereinafter referred to as the "Contracting Parties";

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

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

Recognizing the need to promote and protect investments of the investors of one Contracting Party in the territory of the other Contracting Party, and ensuring that the encouragement and protection of such investments will benefit the economic prosperity of both States;

Have agreed as follows:

**ARTICLE 1
DEFINITIONS**

For the purpose of this Agreement:

1. The term "investments" shall include every kind of assets 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 rights related thereto, such as mortgages, liens, pledges or usufructs;

b) shares or any kind of participation in companies;

c) right to claim money or to any performance having an economic value;

d) copyrights, industrial property rights such as patent, utility models, industrial designs or models, trade or service marks, trade names, know-how and goodwill;

e) privilege to search for, extract or exploit natural resources as well as other business rights, given by law, by contract or by decision of the authority in accordance with law.

2. The term "investor" refers with regard to either Contracting Party to:

- a) natural persons who according to the laws of that Contracting Party, are considered to be its nationals;
- b) legal entities which are established under the laws of that Contracting Party and have their seat of economic activities in the territory of that Contracting Party;

who, invest in the territory of the other Contracting Party.

3. The term "Admission Certificate":

a) with respect to the Republic of the Philippines, refers to any Certificate of Registration and/or any approval issued by the appropriate government agency to investors of the Islamic Republic of Iran

b) with respect to the Islamic Republic of Iran, refers to a specific document issued by the competent authorities of the Islamic Republic of Iran to investors of the Republic of the Philippines indicating that their investments have been approved in accordance with the Law for the Attraction and Protection of Foreign Investments (LAPFI) and its implementing regulations or laws and regulations which will succeed to LAPFI. The Admission Certificate may specify certain conditions under which the investment has been admitted.

4. The competent authority in each Contracting Party for issuance of the Admission Certificate is:

a) in the Republic of the Philippines, government agencies duly authorized by law.

b) in the Islamic Republic of Iran:

Organization for Investment, Economic and
Technical
Assistance of Iran (O.I.E.T.A.I.)
15th Khordad Square
Tehran
Iran
or any other agency which will succeed to the
O.I.E.T.A.I.

5. The term "admitted investment" refers to an investment for which an Admission Certificate of either Contracting Party as per paragraph 3 of Article 1 above, has been issued pursuant to the laws and regulations of each Contracting Party.

6. The term "returns" means the amount legally yielded by an Admitted Investment and in particular, though not exclusively, includes profit, interest, capital gains, dividends, royalties and fees.

7. The term "territory":

a) With respect to the Republic of the Philippines, means the national territory as defined in Article I of its 1987 Constitution;

b) With respect to the Government of the Islamic Republic of Iran, means the maritime areas adjacent to the coast of the Islamic Republic of Iran as well as continental shelf and the exclusive economic zones, to the extent to which that it may exercise sovereign rights or jurisdiction in those areas according to international law.

ARTICLE 2
PROMOTION OF INVESTMENTS

1. Either Contracting Party shall encourage and create favourable conditions for its investors to invest in the territory of the other Contracting Party.

2. Either Contracting Party shall encourage and create favourable conditions for investors of the other Contracting Party to invest in its territory in accordance with its laws and regulations.

ARTICLE 3
ADMISSION OF INVESTMENTS

1. Either Contracting Party shall issue Admission Certificates/Certificate of Registration for investments of investors of the other Contracting Party in its territory in accordance with its laws and regulations.

2. When a Contracting Party shall have issued an Admission Certificate/Certificate of Registration for an investment in its territory, it shall grant all necessary permits for the proper realization of such an investment.

ARTICLE 4
PROTECTION AND TREATMENT OF INVESTMENTS

1. Admitted Investments of investors of one Contracting Party effected within the territory of the other Contracting party in accordance with the laws and regulations of the latter, shall receive in the other Contracting Party full legal protection and fair treatment not less favourable than that accorded to its own investor or investors of any third state which are in a comparable situation.

2. If a Contracting Party accords special advantages to investors of any third state by virtue of an agreement establishing a free trade area, a customs union, a common market or a similar regional organization or by virtue of an agreement on the avoidance of double taxation, it shall not be obliged to accord such advantages to investors of the other Contracting Party.

ARTICLE 5
MORE FAVOURABLE PROVISIONS

Notwithstanding the terms and conditions set forth in the present Agreement, the more favourable provisions which have been or may be agreed upon by either of the Contracting Parties with an investor of the other Contracting Party shall apply.

ARTICLE 6

EXPROPRIATION AND COMPENSATION

1. Admitted Investments of investors of one Contracting Party in the territory of the other Contracting Party shall not be expropriated, nationalized or subject, directly or indirectly, to measures of similar effects by the other Contracting Party except for a public purpose, in a non-discriminatory manner, upon payment of prompt, effective and just compensation and in accordance with due process of law.

2. Compensation for expropriation of an Admitted Investment shall be equivalent to the value of investment expropriated immediately before the expropriatory action was taken or became public knowledge, whichever is earlier. Such compensation shall be made without delay, be effectively realizable and be freely transferable.

ARTICLE 7

LOSSES

Investors of either Contracting Party whose Admitted Investments suffer losses due to a war or any other armed conflict, revolution, state of emergency or rebellion or other similar events in the territory of the other Contracting Party shall be accorded by the other Contracting Party treatment no less favourable than that accorded to its own investors or to investors of any other third country, whichever is the most favourable treatment, as regards compensation, restitution and indemnification in relation to such losses.

ARTICLE 8

REPATRIATION AND TRANSFER

1. Each Contracting Party shall within the scope of its laws and regulations, permit in good faith all transfers related to an Admitted Investment to be made freely and without unreasonable delay into and out of its territory. Such transfers include:

- a) returns,
- b) proceeds from the sale or liquidation of all or any part of an Admitted Investment.
- c) compensation pursuant to Articles 6 and 7,
- d) reimbursements and interests deriving from loans in connection with Admitted Investments,
- e) salaries, wages and other remunerations received by the nationals of one Contracting Party who have obtained in the territory of the other Contracting Party the corresponding