

**AGREEMENT BETWEEN THE REPUBLIC OF THE PHILIPPINES AND
THE CZECH REPUBLIC FOR THE PROMOTION AND RECIPROCAL
PROTECTION OF INVESTMENTS**

The Republic of the Philippines and the Czech Republic hereinafter referred to as the Contracting Parties.

DESIRING to intensify economic cooperation between both STATES:

INTENDING to create favourable conditions for investment 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
DEFINITION OF TERMS**

For the Purpose of this Agreement:

1. The term "investment" shall mean any kind of asset invested in connection with economic activities 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, shares of stocks 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 associated with an investment;
- d) intellectual property rights, including copyrights, trademarks, patents, industrial designs, technical processes, know-how, trade secrets, trade names and goodwill associated with an investment ;
- e) business concessions conferred by law or under contract, including concessions to search for, extract or exploit natural resources.

Any alteration of the form in which assets are invested and made in accordance with domestic laws and regulations shall not affect their classification as an investment.

2. The term "investors" shall mean any natural or legal person who invests in the territory of the other Contracting Party.

(a) The term "natural person" shall mean:

i. with respect to the Republic of the Philippines, any individual within the meaning of its Constitution.

ii. with respect to the Czech Republic, any natural person having the nationality of the Czech Republic in accordance with its laws;

(b) The term "legal person" shall mean, with respect to both countries, legal entities, including companies, associations of companies, trading corporate entities and other organizations that are constituted or incorporated and, in any event, are properly organized and actually doing business under the laws of the respective Contracting Party and have their headquarters in the territory of the respective Contracting 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 Constitution;

b) with respect to the Czech Republic, the territory over which the Czech Republic exercises, in accordance with international law, its sovereign rights and jurisdiction.

4. The term "returns" shall mean amounts yielded by an investment and in particular, though not exclusively, includes profits, interest, capital gains, shares, dividends» royalties or fees.

ARTICLE II PROMOTION AND PROTECTION OF INVESTMENTS

1. Each Contracting Party shall encourage and create favourable conditions for investors of the other Contracting Party to make investments 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 full protection and security in the territory of the other Contracting Party.

ARTICLE III TREATMENT

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

2. Each Contracting Party shall in its territory accord to investors of the other Contracting Party, as regards their management, maintenance, use, enjoyment, or

disposal of their investments, treatment which is fair and equitable and not, less favourable 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 favourable than that accorded to the 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 the 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 any agreement leading to the formation of such union or organization or other form of regional economic cooperation;

b) any international agreement or arrangement relating wholly or mainly to taxation.

ARTICLE IV EXPROPRIATION

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

3. The investor affected shall have a right to prompt review by a judicial or other independent authority of that Contracting Party, of his or its case and of the valuation of his or its investment in accordance with the principles set out in this Article.

ARTICLE V COMPENSATION FOR LOSSES

1. When investments by investors of either Contracting Party suffer losses owing to war, armed conflict, a state of national emergency, revolt, insurrection, riot or other similar events in the territory of the other Contracting Party, they shall be accorded by the latter Contracting Party treatment, as regards restitution, indemnification, compensation or other settlement, not less favourable than that which the latter Contracting Party accords to its own investors or to investors of any third State.

2. Without prejudice to paragraph 1 of this Article, investors of one Contracting Party who in any of the events referred to in that paragraph suffer losses in the territory of the other Contracting Party resulting from:

a) requisitioning of their property by its regular armed forces, police or authorities.

b) destruction of their property by its regular armed forces, police or authorities which was not caused in armed conflict or was not required by the necessity of the situation,

shall be accorded just and adequate compensation for the losses sustained during the period of the requisitioning or as a result of the destruction of the property. Resulting payments shall be freely transferable in freely convertible currency without delay.

ARTICLE VI TRANSFERS

1. The Contracting Parties shall guarantee the transfer of payments related to investments and returns. The transfers shall be made in a freely convertible currency, without any restriction and undue delay. Such transfers shall include in particular, though not exclusively:

- a) capital and additional amounts to maintain or increase the investment;
- b) profits, interest, dividends and other current income;
- c) funds in repayment of duly registered loans;
- d) royalties or fees;
- e) proceeds of sale or liquidation of the investment;
- f) the earnings of natural persons subject to the laws and regulations of that Contracting Party where investments have been made.

2. For the purpose of this Agreement, exchange rates shall be the prevailing rates for current transactions at the date of transfer, unless otherwise agreed.

ARTICLE VII SUBROGATION

1. If a Contracting Party or its designated agency makes payment to its own investors under a guarantee it has accorded in respect of an investment in the territory of the other Contracting Party, the latter Contracting Party shall recognize:

- (a) the assignment, whether under the law or pursuant to a legal transaction in that country, of any right or claim by the investor to the former Contracting Party or its designated agency, as well as,
- (b) that the former Contracting Party or its designated agency is entitled by virtue of subrogation to exercise the rights and enforce the claims of that investor and shall assume the obligations related to the investment.

2. In respect of subrogated rights or claims of the original investor, the subrogation by the Contracting Party or its agency shall take place upon the presentation of the documentary evidence to the other Contracting Party that the payment to the original investor has been made.