

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

The Government of the Republic of the Philippines and the Government of the Republic of Chile, hereinafter referred to as the "Contracting Parties".

Desiring to intensify economic cooperation to the mutual benefit, of both countries;

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

Recognizing that the reciprocal promotion and protection of such foreign investment favour the economic prosperity of both countries;

Have agreed as follows:

**ARTICLE I
DEFINITIONS**

For the purpose of this Agreement;

(1) "Investor" means the following subjects which has 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 reconsidered to be its nationals;

(b) legal entities, including companies, corporations, business associations and other legally recognized entities, which are consisted or otherwise duly organized under the law of that Contracting Party and have their seat together with effective economic activities in the territory of that same Contracting Party.

(2) "Investment" means any kind of asset, admitted in accordance with the laws and regulations of the other Contracting Party, and shall include in particular, though not exclusively:

(a) movable and immovable property and any other property right such as mortgages, liens, pledges or usufructs;

(b) shares, debentures or any other kinds of participation in compares;

(c) a loan or other claim to money or to any performance having an economic value;

(d) intellectual and industrial property rights, including copyright,

patents, trademarks; trade names, technical processes, know-how and goodwill;

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

(3) The term "territory" shall refer to the territory of each Contracting Party in accordance with its Constitution and laws including adjacent are exclusive economic-zones, continental shelves and such other areas where each Contracting Party has sovereign right and other rights in conformity with international law.

(4) The term "returns" means the amounts yielded by an investment and a particular, though not exclusively, shall include profits, interest, capital gains, dividends, royalties, fees and other legitimate returns.

ARTICLE II SCOPE OF APPLICATION

This Agreement shall apply to investments in the territory of one Contracting Party made in accordance with its legislation, prior to or after the entry into force of the Agreement, by investors of the other Contracting Party, it shall, however, not be applicable to disputes which arose prior to its entry into force or to disputes directly related to events which occurred prior to its entry into force.

ARTICLE III PROMOTION, ADMISSION AND PROTECTION OF INVESTMENTS

(1) Each Contracting Party shall, subject to its general policy in the field of foreign investments, promote investments by investors of the other Contracting Party, and shall admit such investments in accordance with its legislation.

(2) Each Contracting Party shall protect within its territory investments, made in accordance with its laws and regulations by investors of the other Contracting Party and shall not impair by unreasonable or discriminatory measures the management, maintenance use, enjoyment, extension, sale and liquidation of such investments.

ARTICLE IV TREATMENT OF INVESTMENTS

(1) Each Contracting Party shall guarantee fair and equitable treatment to investments made by investors of the other Contracting Party on its territory and shall ensure that the exercise of the right this recognized shall not be hindered in practice.

(2) Each Contracting Party shall accord admitted investments of the investors of one Contracting Party in its territory a treatment which is no less favourable than that, accorded to investments made by its own investors or by investors of any third country, whichever is the most favourable.

(3) if a Contracting Party accords special advantages to investors of an; third country by virtue of an agreement establishing a free trade area, a customs union, a common market, an economic union or any other form of regional economic organization to which the Contracting Party belongs or through the provisions of an

agreement relating wholly or mainly to taxation, it shall not be obliged to accord such advantages to investors of the other Contracting Party.

ARTICLE V FREE TRANSFER

(1) Each Contracting Party shall allow without delay the investors of the other Contracting Party the transfer of funds in connection with an investment in a freely convertible currency, particularly of:

- (a) interests, dividends, profits and other returns;
- (b) repayments of a loan agreement related to the investment;
- (c) any capital or proceeds from the sale or partial sale or liquidation of the investments; and
- (d) compensation for expropriation or loss described in Article VI of this Agreement.

(2) Transfer shall be made at the exchange rate prevailing on the date of transfer in accordance with the laws, rules and regulations of the Contracting Party which has admitted the investment:

ARTICLE VI EXPROPRIATION AND COMPENSATION

(1) Neither Contracting Party shall take any measures depriving directly or indirectly an investor of the other Contracting Party of an investment, unless the following conditions are complied with:

- (a) the measures are taken in the public or national interest and in accordance with the law;
- (b) the measures are not discriminatory; and
- (c) the measures are accompanied by provisions for the payment of prompt adequate and effective, compensation.

(2) The compensation shall be based on the market value of the investments affected immediately before the measure became public knowledge. Where that value cannot be readily ascertained, the compensation may be determined in accordance with generally recognized equitable principles of valuation taking into account the capital invested, depreciation, capital already repatriated, replacement value and other relevant factors. In case of delay of the compensation payment, it shall carry an interest at the appropriate market rate of interest from the date of expropriation or loss until the date of payment.

(3) The investor affected shall have a right to access, under the law of the Contracting Party making the expropriation to the judicial authority of that Party, in order to review the amount of compensation and the legality of any such expropriation or comparable measures.

(4) The investors of one Contracting Party whose investments have sufficed losses