

No. 53151*

**Canada
and
Panama**

Treaty between the Government of Canada and the Government of the Republic of Panama for the promotion and protection of investments (with annex). Guatemala, 12 September 1996

Entry into force: *13 February 1998 by notification, in accordance with article XVIII*

Authentic texts: *English, French and Spanish*

Registration with the Secretariat of the United Nations: *Canada, 10 December 2015*

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**Canada
et
Panama**

Traité entre le Gouvernement du Canada et le Gouvernement de la République du Panama pour l'encouragement et la protection des investissements (avec annexe). Guatemala, 12 septembre 1996

Entrée en vigueur : *13 février 1998 par notification, conformément à l'article XVIII*

Textes authentiques : *anglais, français et espagnol*

Enregistrement auprès du Secrétariat des Nations Unies : *Canada, 10 décembre 2015*

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[ENGLISH TEXT – TEXTE ANGLAIS]

TREATY
BETWEEN
THE GOVERNMENT OF CANADA
AND
THE GOVERNMENT OF THE REPUBLIC OF PANAMA
FOR THE PROMOTION AND
PROTECTION OF INVESTMENTS

THE GOVERNMENT OF THE REPUBLIC OF PANAMA AND THE
GOVERNMENT OF CANADA, hereinafter referred to as the "Contracting Parties",

RECOGNIZING that the promotion and the protection of investments of investors of one Contracting Party in the territory of the other Contracting Party will be conducive to the stimulation of business initiative and to the development of economic cooperation between them,

DESIRING to increase the favourable conditions for the reciprocal investment of capital by nationals of both Contracting Parties;

TAKING into consideration the importance of establishing a predictable environment for the development of investments;

CONVINCED of the need to facilitate transfers of capital and technology between the Contracting Parties, with the goal of favouring economic and social developments;

The Contracting Parties **HAVE AGREED** to sign the present Treaty, to be governed by the provisions set out below:

ARTICLE I

Definitions

For the purpose of this Agreement:

- (a) "enterprise" means
 - (i) any entity constituted or organized under applicable law, whether or not for profit, whether privately-owned or governmentally-owned, including any corporation, trust, partnership, sole proprietorship, joint venture or other association; and
 - (ii) a branch or subsidiary of any such entity;
- (b) "measure" includes any law, regulation, procedure, requirement, or established governmental or administrative practice. "Non-conforming measure", for the purposes of Article IV, shall mean any measure which does not conform to the obligations of paragraph 3(a) of Article II, paragraph 1 of Article IV, and paragraphs 1 and 2 of Article V;

- (c) "existing measure" means a measure existing at the time this Agreement enters into force;
- (d) "financial service" means a service of a financial nature, including insurance, and a service incidental or auxiliary to a service of a financial nature;
- (e) "financial institution" means any financial intermediary or other enterprise that is authorized to do business and regulated or supervised as a financial institution under the law of the Contracting Party in whose territory it is located;
- (f) "intellectual property rights" means copyright and related rights, trademark rights, patent rights, rights in layout designs of semiconductor integrated circuits, trade secret rights, plant breeders' rights, rights in geographical indications and industrial design rights;
- (g) "investment" means any kind of asset owned or controlled either directly, or indirectly through an investor of a third State, by an investor of one Contracting Party in the territory of the other Contracting Party in accordance with the latter's laws and, in particular, though not exclusively, includes:
 - (i) movable and immovable property and any related property rights, such as mortgages, liens or pledges;
 - (ii) shares, stock, bonds and debentures or any other form of participation in a company, business enterprise or joint venture;
 - (iii) money, claims to money, and claims to performance under contract having a financial value;
 - (iv) goodwill;
 - (v) intellectual property rights;
 - (vi) rights, conferred by law or under contract, to undertake any economic and commercial activity, including any rights to search for, cultivate, extract or exploit natural resources.

but does not mean real estate or other property, tangible or intangible, not acquired in the expectation or used for the purpose of economic benefit or other business purposes.

Any change in the form of an investment does not affect its character as an investment.

- (h) "investor" means
 - in the case of Canada:
 - (i) any natural person possessing the citizenship of or permanently residing in Canada in accordance with its laws; or
 - (ii) any enterprise incorporated or duly constituted in accordance with applicable laws of Canada,
 - who makes the investment in the territory of the Republic of Panama; and
 - in the case of the Republic of Panama:

- (i) any natural person possessing the citizenship or permanently residing in the Republic of Panama in accordance with its internal legislation; or
- (ii) any enterprise incorporated or duly constituted in conformity with the laws of the Republic of Panama

who makes the investment in the territory of Canada and who does not possess the citizenship of Canada;

- (i) "returns" means all amounts yielded by an investment and in particular, though not exclusively, includes profits, interest, capital gains, dividends, royalties, fees or other current income;
- (j) "state enterprise" means an enterprise that is governmentally-owned or controlled through ownership interests by a government;
- (k) "territory" means:
 - (i) in respect of Canada, the territory of Canada, as well as those maritime areas, including the seabed and subsoil adjacent to the outer limit of the territorial sea, over which Canada exercises, in accordance with international law, sovereign rights for the purpose of exploration and exploitation of the natural resources of such areas;
 - (ii) in respect of the Republic of Panama, the territory of the Republic of Panama comprises the land area, the territorial waters, the continental shelf, the subsoil and the airspace between Colombia and Costa Rica in accordance with the Border Treaties signed between Panama and these States.

ARTICLE II

Establishment, Acquisition and Protection of Investments

1. Each Contracting Party shall encourage the creation of favourable conditions for investors of the other Contracting Party to make investments in its territory.
2. Each Contracting Party shall accord investments or returns of investors of the other Contracting Party
 - (a) fair and equitable treatment, and
 - (b) full protection and securityin accordance with the principles of international law.
3. Each Contracting Party shall permit establishment of a new business enterprise or acquisition of an existing business enterprise or a share of such enterprise by investors or prospective investors of the other Contracting Party on a basis no less favourable than that which, in like circumstances, it permits such acquisition or establishment by:
 - (a) its own investors or prospective investors; or
 - (b) investors or prospective investors of any third state.
4. (a) Decisions by either Contracting Party, pursuant to measures not

inconsistent with this Agreement, as to whether or not to permit an acquisition shall not be subject to the provisions of Articles XIII or XV of this Agreement.

- (b) Decisions by either Contracting Party not to permit establishment of a new business enterprise or acquisition of an existing business enterprise or a share of such enterprise by investors or prospective investors shall not be subject to the provisions of Article XIII of this Agreement.

ARTICLE III

Most-Favoured-Nation (MFN) Treatment after Establishment and Exceptions to MFN

1. Each Contracting Party shall grant to investments, or returns of investors of the other Contracting Party, treatment no less favourable than that which, in like circumstances, it grants to investments or returns of investors of any third State.
2. Each Contracting Party shall grant investors of the other Contracting Party, as regards their management, use, enjoyment or disposal of their investments or returns, treatment no less favourable than that which, in like circumstances, it grants to investors of any third State.
3. Subparagraph (3)(b) of Article II and paragraphs (1) and (2) of this Article do not apply to treatment by a Contracting Party pursuant to any existing or future bilateral or multilateral agreement:
 - (a) establishing, strengthening or expanding a free trade area or customs union;
 - (b) negotiated within the framework of the GATT, the WTO or any successor organization to the WTO and liberalizing trade in services; or
 - (c) relating to:
 - (i) aviation;
 - (ii) telecommunications transport networks and telecommunications transport services;
 - (iii) fisheries;
 - (iv) maritime matters, including salvage; or
 - (v) financial services.

ARTICLE IV

National Treatment after Establishment and Exceptions to National Treatment

1. Each Contracting Party shall grant to investments or returns of investors of the other Contracting Party treatment no less favourable than that which, in like circumstances, it grants to investments or returns of its own investors with respect to the expansion, management, conduct, operation and sale or disposition of investments.
2. Subparagraph (3)(a) of Article II, paragraph (1) of this Article, and paragraphs