

- (k) "territory" means the territory and air space of each Contracting Party, as well as those maritime areas, including the seabed and subsoil adjacent to the outer limit of the territorial sea, over which each Contracting Party exercises, in accordance with international law, sovereign rights for the purpose of exploration and exploitation of the natural resources of such areas;
- (l) "senior managerial personnel" means persons who hold positions of trust, including managers, directors, administrators, superintendents, and general chiefs of companies.

ARTICLE II

Promotion 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 of the other Contracting Party:
 - (a) fair and equitable treatment in accordance with principles of international law; and
 - (b) full protection and security.

ARTICLE III

Establishment of Investment

- 1. 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) investors or prospective investors of any third State;
 - (b) its own investors or prospective investors.

For the purpose of this Agreement, "prospective investor" means any natural person or enterprise of one Contracting Party who actually has carried out concrete steps toward making an investment in the territory of the other Contracting Party.

- 2. A Contracting Party may adopt or maintain exceptions to the obligation stated in paragraph (1) above, in the sectors, measures, or with respect to the matters specified in Sections I, II, III and VI of Annex I of this Agreement.