

- (j) "state enterprise" means an enterprise that is governmentally-owned or controlled through ownership interests by a government;
- (k) "territory" means with respect to each Contracting Party:

the territory of the Contracting Party, as well as those maritime areas, including the seabed and subsoil adjacent to the outer limit of the territorial sea, over which that Contracting Party exercises, in accordance with international law, sovereign rights for the purpose of exploration and exploitation of the natural resources of such areas.

## ARTICLE II

### Establishment, Acquisition and Protection of Investment

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, in accordance with the principles of international law, accord investments or returns of investors of the other Contracting Party fair and equitable treatment and full protection and security.
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, in accordance with its laws and regulations, but in all cases on a basis no less favourable than that which, in like circumstances, it permits such acquisition or establishment by investors or prospective investors of any third state.

## 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 expansion, management, conduct, operation, use, enjoyment, sale, 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. Paragraph (3) 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 establishing, strengthening or expanding a free trade area or customs union.