

- (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 security
 in 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