

- (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 Romania, the territory of Romania, including the territorial sea and the economic exclusive zone over which Romania exercises, in accordance with internal and international law, sovereignty, sovereign rights and jurisdiction.

## 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 in accordance with principles of international law and national legislation, provided, however, in the event of a conflict between the principles of international law and national legislation, the principles of international law will prevail, and
  - (b) 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 on a basis no less favourable than that which, in like circumstances, it permits such acquisition or establishment by:
  - (a) its own domestic 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 in accordance with its laws and regulations shall not be subject to the provisions of Article XIII of this Agreement.