

- (ii) enterprises that are incorporated or, in any event, are properly organized and actually doing business under the laws of the Republic of the Philippines and have their headquarters in the territory of the Philippines where effective management is carried out.

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

- (h) "measure" includes any law, rule, regulation, requirement, or established governmental procedure or practice; "existing measure" means a measure existing at the time this Agreement enters into force;
- (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 the Philippines, the national territory of the Philippines as defined in Article I of its Constitution.

ARTICLE II

Establishment, Acquisition and Protection of Investment

- (1) Each Contracting Party shall promote investments in its territory by nationals and companies of the other Contracting Party.
- (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
 - (b) full protection and security.
- (3) Each Contracting Party shall, subject to the terms of this Agreement and the Annex, including *inter alia* paragraphs 4 and 5 of this Article and paragraph 2 of Article IV, 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