

(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 Ukraine, the territory of Ukraine, as well as those maritime areas, including the seabed and subsoil adjacent to the outer limit of the territorial sea, over which Ukraine 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 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 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 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 shall not be subject to the provisions of Article XIII of this Agreement.

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.