

Manila, November 19, 1986

Excellency,

I have the honour to refer to discussions which have recently taken place between representatives of our two Governments relating to Canadian investments in the Republic of the Philippines which would further the development of economic relations between Canada and the Republic of the Philippines and to insurance of such investments by the Government of Canada, through its agent the Export Development Corporation. I also have the honour to confirm the following understandings reached as a result of those discussions:

1. In the event of a payment under a contract of investment insurance for any loss by reason of:
 - a) war, riot, insurrection, revolution, or rebellion in the Republic of the Philippines;
 - b) expropriation, confiscation, deprivation of use, or arbitrary seizure of any property by a Government, or any Agency thereof, in the Republic of the Philippines;
 - c) any action by a Government or Agency thereof, in the Republic of the Philippines other than action of the kind described in subparagraph (b) that deprives the investor of any rights in, or in connection with, an investment; or
 - d) any action by a Government, or any Agency thereof, in the Republic of the Philippines that prohibits or restricts the transfer of any money or the removal of any property from that country;

the Export Development Corporation, hereinafter called the "Insuring Agency", is hereby authorized by the Government of the Republic of the Philippines to exercise the rights having devolved on it by law or having been assigned to it by the predecessor in title.

2. To the extent that the laws of the Republic of the Philippines partially or wholly invalidate the acquisition of any interest in any property within its national territory by the Insuring Agency, the Government of the