

- (h) "measure" includes any law, regulation, procedure, requirement, or practice;
- (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 owned, or controlled through ownership interests, by a state or subnational unit thereof;
- (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 Latvia, the territory of the Republic of Latvia, as well as those maritime areas, including the sea bed and subsoil adjacent to the outer limit of the territorial sea, over which the Republic of Latvia exercises, in accordance with international law, sovereign rights for the purpose of exploration and exploitation of 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.