

AGREEMENT BETWEEN THE GOVERNMENT OF THE REPUBLIC OF THE PHILIPPINES AND THE GOVERNMENT OF THE FRENCH REPUBLIC ON THE ENCOURAGEMENT OF FRENCH INVESTMENTS IN THE PHILIPPINES

The Government of the Republic of the Philippines and the Government of the French Republic, hereinafter referred to as the Contracting Parties,

Taking note of friendly relations between them,

Desiring to create favourable conditions in order to encourage French investment in the Philippines;

Recognizing the contribution that French investments can contribute to the economic development of the Philippines and the expansion of economic cooperation between the two countries;

Recognizing that the conclusion of an agreement on the promotion of investment will greatly contribute to the attainment of these objectives;

Have agreed as follows:

Article I.

The provisions of this Agreement shall apply only to productive investment subject to an ad hoc written approval by the competent authorities of the Government of the Republic of the Philippines and guaranteed by the French Government in the form of a contract of insurance it has entered into with an investor French concerned.

Article II.

The Republic of the Philippines shall encourage and create favourable conditions for investments and that the Government of the Philippines considers desirable for economic development, within the framework of its laws, regulations and rules of the Philippines.

Such investments French shall be protected and receive fair and equitable treatment under conditions no less favourable than those accorded to similar investment most-favoured-nation whatsoever. The Government of the Republic of the Philippines shall accord to companies and French nationals the right to participate in the management, administration, enjoyment and use of French investment under conditions no less favourable than those accorded to nationals and companies of the most favoured nation. The most-favoured-nation treatment provided for in this article shall not be construed as extending the preferential duty that the Government of the Republic of the Philippines may grant to companies and nationals of a third State by virtue of its participation in a customs union or association, a common market or a free trade area or any other form of regional economic organization.

Article III.

French investment may not be the object of expropriation or nationalization or any other form of dispossession, except in the public interest or in the public interest, or for the good national, or in the interests of defence and against fair compensation. Such compensation shall amount to the fair market value of the investments made in accordance with the laws of the Philippines or to the equitable equivalent of the loss suffered on the day of expropriation or nationalization or any other dispossession and shall be paid without undue delay.

Article IV.

The Government of the Republic of the Philippines guarantees French nationals and companies which have investments in

the Philippines the transfer of capital invested, interests, dividends, royalties and other income generated by the capital invested and compensation for expropriation or nationalization laid down in Article III of this Agreement.

Article V.

The Government of the Republic of the Philippines shall authorize French nationals and companies to proceed with the transfer freely convertible currency of the amounts referred to in Article IV within the framework of its laws, regulations and rules of the Philippines exchange pursuant to its obligations as a member of the International Monetary Fund.

The exchange rates applicable to the said transfer shall be the rate of exchange in force at the date of the transaction.

Article VI.

The Government of the French Republic may, after a case-by-case review of each investment to be made in the Philippines by French nationals, companies and give its security in the form of a contract of insurance it has entered into with the French investors concerned, after the issuance of a special document for approval by the competent authorities of the Government of the Philippines, stating the desirability of investment and its value for the purposes of security.

Article VII.

Without prejudice to the provisions of this Agreement, the special authorisation document referred to in the Article above may also mention the terms and conditions for each investment in the territory of the Republic of the Philippines.

Article VIII.

If the Government of France, by virtue of a guarantee granted by it under this Agreement, shall make payments to its own nationals or companies, the Government of the Philippines recognizes that the French Government is subrogated into the rights and claims of the said nationals or companies. However, this does not necessarily imply recognition by the Government of the Republic of the Philippines, the right of set-off of any claim submitted to it.

Article IX.

The Contracting Parties agree to consult each other at the request of either of the Parties on any matter relating to investment between the two paid or having an impact on the implementation of this Agreement, including the establishment of procedures considered desirable by the parties for the settlement of disputes between an investor and the competent authorities of the Government of the Republic of the Philippines

Article X.

Any dispute between the Contracting Parties relating to the interpretation or application of the present Agreement, which cannot be satisfactorily settled through diplomatic channels or by any other means of an amicable settlement, shall be submitted, at the request of either party to an arbitral tribunal for a settlement in accordance with the principles of international law applicable in this field. The Tribunal shall be composed of three members, one arbitrator chosen by each party within one month from the date of receipt of the request for arbitration and the third arbitrator chosen by the members so appointed by the Parties within two months of the appointment of the second member. In the event that the members selected by the parties cannot reach an agreement about the choice of the third arbitrator, the third arbitrator shall be appointed by the Secretary-General of the United Nations at the request of either party. If either of the Contracting Parties has not appointed an arbitrator within the specified time, the other party shall have the right to ask the Secretary-General to appoint a United Nations. the decision of the arbitral tribunal shall be final and binding.

Article XI.

This Agreement shall enter into force on the first day of the month following its signature.

This Agreement shall remain in force for a period of ten years from the date of its entry into force and shall continue to apply unless the Government of the Republic of the Philippines shall terminate on giving written notice of at least six months sent through diplomatic channels.

Notwithstanding the above provisions, the Government of the Republic of the Philippines may notice of at least one year

from the Government of the French Republic, terminate this Agreement after five years from the date of its entry into force.

The obligations of the Government of the Philippines pursuant to this Agreement and special documents approval granted by it shall remain in force after the termination of this agreement, provided that such obligations shall not extend beyond the period of securities issued by the Government of the French Republic, and shall in no case exceed 15 years from the date of issue of the special document for approval by the Government of the Republic of the Philippines.

Done and signed at Versailles this 14 June 1976, in two originals in the English and French languages, both texts being equally authentic.

For the Government of the French Republic

For the Government of the Republic of the Philippines