

AGREEMENT BETWEEN THE MANILA ECONOMIC AND CULTURAL OFFICE AND THE TAIPEI ECONOMIC AND CULTURAL OFFICE FOR THE PROMOTION AND PROTECTION OF INVESTMENTS

The Taipei Economic and Cultural Office (TECO) in Manila and the Manila Economic and Cultural Office (MECO) in Taipei, hereinafter referred to as "parties";

Desirous of strengthening trade and investment relations between Taipei and Manila;

Intending to create favourable conditions for greater business cooperation between them and in particular for investments by their individuals and companies;

Recognizing that the promotion and protection of such investments will be conducive to the stimulation of individual business initiatives and the fostering of prosperity of both parties.

Being duly authorized, have agreed as follows:

Article I. Definitions

For the purpose of this Agreement;

The term "investment" means any kind of assets invested by investors of the contracting parties, in conformity with their respective laws and regulations including but not exclusively:

- (a) movable and immovable property as well as other rights such as mortgages, liens, or pledges;
 - (b) shares of stock and debentures of companies wherever incorporated or interest in the property of such companies;
 - (c) claims to money or to any performance related to investment having financial value;
 - (d) intellectual property rights and goodwill; and
 - (e) business concessions conferred by law or under contract related to investment including concessions to search for, cultivate, extract or exploit natural resources.
2. "Investors" means any individual or company of either contracting party who effected or is effecting investments in the other contracting party and vice versa.
3. The term "companies" shall mean corporations, partnerships or other associations, incorporated or constituted and actually doing business under the laws in force in any part of the contracting party wherein a place of effective management is situated.
4. "Individuals" means physical persons who are considered as nationals according to the laws and regulations of either contracting party.
5. "Returns of Incomes" means the amounts yielded by an investment and in particular, though not exclusively, includes profit, interest, capital gains, dividends, royalties or fees.

Article II. Promotion and Protection of Investment

1. In accordance with the laws and regulations of either party, either party shall encourage and help create favourable conditions for investors.
2. Investments of investors shall at all times be accorded fair and equitable treatment and shall enjoy adequate protection

as herein provided for.

Article III. Scope of Agreement

This agreement shall only apply to investments by investors who have been granted admission in accordance with the laws and regulations of either party.

Article IV. Treatment

Both parties shall seek and obtain the approval of their respective authorities to the effect that all investments made by investors shall enjoy fair and equitable treatment in the place of investment in either party. This treatment shall be no less favourable than that granted to investors of any third party.

The provisions of this Agreement relative to the grant of treatment not less favourable than that accorded to nationals or companies of any third party shall not be construed as to oblige the respective authorities of the parties to extend to investors the benefits of any treatment, preference or privilege resulting from:

1. any existing or future customs union, common market, free trade area, or regional economic organization of which either contracting party may become a member, or
2. any international agreement or arrangement relating wholly or mainly to taxation or any domestic legislation relating wholly or mainly to taxation.

Article V. Repatriation of Investments

Both parties shall seek and obtain the approval of their respective authorities to the effect that investors shall have the right of free transfer of their capital and of the returns from it, subject to the right of each party in exceptional financial and economic circumstances to exercise equitably and in good faith powers conferred by the laws and regulations of either contracting party.

Article VI. Expropriation

1. Both parties shall seek and obtain the approval of their respective authorities to the effect that investments by investors shall not be nationalized, expropriated or subjected to measures having an effect equivalent to nationalization or expropriation (hereinafter referred to as "expropriation") in the place of investment except for a public purpose related to the internal needs of the expropriating authority and subject to compensation. Such compensation shall amount to the market value of the investment expropriated immediately before the expropriation or impending expropriation became public knowledge, shall be made without undue delay, shall be effectively realizable and shall be freely transferable. Appropriate provision shall be made for the determination of the payment of such compensation. The legality of any expropriation and the amount and method of payment of compensation shall be subject to review by due process of law.

2. Where the authority of a party expropriates the assets of a company which is incorporated or constituted under the law in force in either contracting party, and in which individuals or companies of the other party own shares, such party shall ensure that the provisions of paragraph (1) of this Article are applied to the extent necessary to guarantee the compensation provided for in that paragraph to the owners of these shares.

Article VII. Compensation for Losses

Both parties shall seek and obtain the approval of their respective authorities to the effect that investors who suffer losses in relation to approved investments owing to revolts, riots, armed conflicts or revolutions, in the territory of either party, shall be accorded treatment no less favourable than that accorded to investors of any third party, as regards restitution, indemnifications, compensation of other similar valuable consideration. Such payments shall be freely transferrable.

Article VIII. Subrogation

1. Both parties shall seek and obtain the approval of their respective authorities to the effect that if either party makes payment under an indemnity it has given in respect of an investment or any part, thereof, other party shall recognize:

(a) the assignment whether under law or pursuant to a legal transaction of any right or claim from the party indemnified to the former party (or its designated agency) and

(b) that the former party (or its designated agency) is entitled by virtue of subrogation to exercise the right and enforce the claims of such party.

The former party (or its designated agency) shall accordingly, if it so desires, be entitled to assert any such right or claim to the same extent as its predecessor in title either before a court or tribunal in either party or by any other legal remedy.

2. Both parties shall seek and obtain the approval of their respective authorities to the effect that if an investor acquires amounts in the lawful currency of either party, or credits thereof by assignment under the terms of an indemnity, such investor shall be accorded in respect thereof treatment not less favorable than that accorded to the funds of investors of any third party deriving from investment activities similar to those which the investor indemnified was engaged in. Such amounts and credits shall be freely available to the investor concerned for the purpose of meeting its expenditure in the place of investment.

Article IX. Settlement of Disputes between Parties

Any dispute arising between the parties concerning the interpretation or application of this Agreement shall as far as possible, be settled amicably through consultations.

Article X. Disputes Relating to the Investment

In case of dispute between the investor and the authority in the place of investment, the parties herein shall seek, as far as possible, an amicable settlement of the dispute through negotiations between the parties thereto, and failing which, its referral to arbitration on such terms and conditions as the disputing parties may agree.

Article XI. Entry Into Force - Duration and Termination

1. This Agreement shall enter into force on the date of signature. It shall remain in force for a period of ten years and shall continue in force ten years thereafter unless, after the expiry of the initial period of ten years, either party notifies in writing the other party of its intention to terminate this Agreement. The notice of termination shall become effective one year after it has been received by the other party.

2. In respect of investments made prior to the date when the notice of termination of this Agreement becomes effective, the provisions of this Agreement shall remain in force for a further period of ten years from that date.

Done in Taipei, in duplicate, this twentyeighth day of February, 1992, in the English language.

For the Manila Economic and cultural Office

JOAQUIN R. ROCES Director

For the Taipei Economic and Cultural Office

TA-JEN LIU Representative

ATTESTED:

TOMAS I. ALCANTARA

Vice-Chairman and Managing Head

Board of Investments

ATTESTED:

DR. SHU-JOU LEE

Chairman

Investment Commission