BILATERAL

AGREEMENT BETWEEN THE GOVERNMENT OF THE REPUBLIC OF THE PHILIPPINES AND THE GOVERNMENT OF THE REPUBLIC OF FRANCE FOR THE PROMOTION OF FRENCH INVESTMENTS IN THE PHILIPPINES

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PREAMBLE

The Government of the Republic of the Philippines and the Government of the Republic of France, otherwise known as the Contracting Parties,

Taking note of their existing friendly relations;

Desiring to create favorable conditions in order to encourage French investments in the Philippines;

Being conscious of the contribution that French Investments can make to the economic development of the Philippines and the expansion of economic cooperation between the two countries;

Recognizing that the conclusion of an investment promotion agreement will greatly contribute to the furtherance of such purposes;

Have agreed as follows:

ARTICLE I

The provisions of this Agreement shall extend only to productive investments specifically approved in writing by the appropriate government authorities of the Republic of the Philippines and guaranteed by the French Government in the form of an insurance contract with the French investors concerned.

ARTICLE II

The Republic of the Philippines shall encourage and create favorable conditions for French investments determined by the Philippine Government to be desirable for its economic development, subject to Philippine laws, rules and regulations.

Such French investments shall be accorded protection and fair and equitable investment under terms no less favorable than that accorded to similar investments of any most-favored-nation.

The Government of the Republic of the Philippines shall grant to French nationals and companies the right to participate in the direction, management, enjoyment and utilization of French investments on terms no less favorable than that granted to nationals and companies of any most-favored-nation.

The most-favored-nation status provided for under this Article shall not be construed to apply to the preferential rights which the Government of the Republic of the Philippines may grant to nationals and companies of a third country by virtue of its membership in or association with a customs union, a common market, a free trade area or any other form of regional economic organization.

ARTICLE III

French investments shall not be subject to expropriation or nationalization or any other deprivation of use except

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for public use or in the public interest, or in the interest of national welfare or national defense and upon payment of just compensation. Such compensation shall represent the fair market value of the investments as determined by Philippine laws or, in its absence, the fair equivalent for the loss sustained as of the date of expropriation or nationalization or any other deprivation of use, and shall be paid without unjustifiable delay.

ARTICLE IV

The Government of the Republic of the Philippines guarantees to French nationals and companies having investments in the Philippines the transfer of the invested capital, the interest, dividends, royalties and other revenues produced by the invested capital, and the compensation for expropriation or nationalization referred to in Article III of the present Agreement.

ARTICLE V

The Government of the Republic of the Philippines shall allow French nationals and companies withdrawal in freely convertible currency of the amounts treated in Article IV subject to the Philippine laws, rules and regulations concerning foreign exchange consistent with its responsibilities as a member of the International Monetary Fund.

ARTICLE VI

The Government of the Republic of France after study on a case-to-case basis of each investment to be made in the Philippines by French nationals and companies, may grant its guarantee under the form of an insurance contract with the interested French investors after delivery of a special document of agreement by the appropriate Government authorities of the Republic of the Philippines attesting to the desirability of the investment and its value for purposes of the guarantee.

ARTICLE VII

Without prejudice to the pertinent provisions of this Agreement the special document of agreement mentioned in the preceding Article must mention the terms and conditions that will govern each investment on Philippine territory.

ARTICLE VIII

In the event that the French Government, as a result of a guarantee given by it within the framework of this Agreement makes payment to its own nationals or companies, the Philippine Government acknowledges that the French Government is entitled by virtue of subrogation to exercise the rights and assert the claims of such nationals or companies concerned. This does not necessarily imply, however, a recognition on the part of the Philippine Government of the compensability of any claim arising therefrom.

ARTICLE IX

The Contracting Parties agree to consult each other at the request of either Party on any matter relating to investments between the two countries, or otherwise affecting the implementation of this Agreement, including the formulation of procedures deemed desirable by the Parties for the settlement of disputes between the French investors and appropriate government authorities of the Republic of the Philippines.

ARTICLE X

Any disputes between the Contracting Parties as to the interpretation or application of the present Agreement, not satisfactorily resolved through diplomatic channels or other amicable means, shall be submitted, at the request of either party to a panel of arbitrators for settlement in accordance with applicable principles of international law. The panel shall be compose of three members, one selected by each party within one month of receipt of the request for arbitration, and the third to be chosen by the members thus selected by the Parties within two months form the designation of the second member. In the event the members selected by the Parties are unable to agree

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upon the third member, then the third member shall be designated by the Secretary General of the United Nations at the request of either party. If either of the Contracting Parties fails to appoint an arbitrator within the appointed time, the other Party shall have the right to request the Secretary General of the United Nations to appoint one. The decision of the arbitral tribunal shall be final and executory.

ARTICLE XI

The present Agreement will be effective on the first day of the month following its signature.

This Agreement shall remain in force for a period of ten years from its effective date and shall continue to be valid unless terminated by the Government of the Republic of the Philippines with not less than six month's prior written notice through diplomatic channels.

The foregoing provisions notwithstanding, the Government of the Republic of the Philippines may, with prior notice to the Government of the Republic of France of not less than one year, terminate this Agreement after five years from its effective date.

The obligations of the Philippine Government under this Agreement and its special document of agreement shall remain in force even after the termination of this Agreement provided that such obligations shall not extend beyond the period of the guarantee issued by the Government of the Republic of France, and in no case exceed 15 years from the date of the issuance of the special document of agreement by the Government of the Republic of the Philippines.

Done and signed in Paris this 14th day of June 1976 in two original copies each in the Pilipino, French and English languages, all texts being equally authentic.

FOR THE GOVERNMENT OF THE
REPUBLIC OF THE PHILIPPINES FOR THE GOVERNMENT OF THE
REPUBLIC OF FRANCE

Entry into Force: July 14, 1976

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