

## *Article 4*

### *National Treatment and MFN Treatment*

1. Each Party shall accord to investors of another Party and their investments, in relation to the establishment, acquisition, expansion, management, conduct, operation, liquidation, sale, transfer, or other disposition, of investments, treatment that is no less favourable than that it accords to its own investors and their investments (national treatment) or to investors of any third State and their investments (MFN treatment), whichever is more favourable.

2. If a Party accords special advantages to investors of any third State and their investments by virtue of a free trade agreement, customs union, or similar agreement that also provides for substantial liberalisation of investments, it shall not be obliged to accord such advantages to investors of another Party and their investments. However, upon request from another Party, it shall afford adequate opportunity to the other Parties to negotiate the benefits granted therein.

3. National treatment and MFN treatment shall apply to taxation measures subject to deviations that are necessary for the equitable and effective imposition and collection of direct taxes<sup>1</sup>. However, if a Party accords special advantages to investors of any third State and their investments by virtue of an agreement for the avoidance of double taxation, it shall not be obliged to accord such advantages to investors of another Party and their investments.

4. The standard of national treatment as provided for in paragraph 1 shall not apply to subsidies based on a Party's social policy or its economic development policy, even if such subsidies, directly or indirectly, favour local enterprises or entrepreneurs. If another Party considers that such subsidies, in a particular case, have a seriously distortive effect on the investment opportunities of its own investors, it may request consultations on such matters. Such requests shall be accorded sympathetic consideration.

5. The standard of national treatment as provided for in paragraph 1, means, with respect to a sub-national entity, treatment no less favourable than the most favourable treatment accorded by that entity to investors, and to investments of investors, of the Party of which it forms a part.

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<sup>1</sup> Footnote 6 of Article XIV of the General Agreement on Trade in Services shall apply.