(ii) a natural person having the nationality of that Contracting Party in accordance with its applicable laws and regulations; or

(iii) an enterprise of that Contracting Party,

that seeks to make, is making or has made an investment in the Area of the other Contracting Party;

(c) the term "enterprise of a Contracting Party" means any legal person or any other entity duly constituted or organised under the applicable laws and regulations of that Contracting Party, whether or not for profit, and whether private or government owned or controlled, including any corporation, trust, partnership, sole proprietorship, joint venture, association, organisation or company;

(d) an enterprise is:

(i) "owned" by an investor if more than fifty percent of the equity interest in it is owned by the investor; and

(ii) "controlled" by an investor if the investor has the power to name a majority of its directors or otherwise to legally direct its actions;

(e) the term "Area" means:

(i) with respect to Japan: its territory, and the exclusive economic zone and the continental shelf with respect to which Japan exercises sovereign rights or jurisdiction in accordance with international law; and

(ii) with respect to the United Arab Emirates: the territory of the United Arab Emirates which is under its sovereignty including the territorial sea and airspace, as well as submarine areas over which the United Arab Emirates exercises, in conformity with international law and the laws of the United Arab Emirates, sovereign rights in respect of any activity carried on in connection with the exploration for or the exploitation of the natural resources;

(f) the term "freely usable currency" means freely usable currency as defined under the Articles of Agreement of the International Monetary Fund; and

(g) the term "the WTO Agreement" means the Marrakesh Agreement Establishing the World Trade Organization, done at Marrakesh, April 15, 1994.

Article 2
Promotion and Admission of Investment

1. Each Contracting Party shall encourage and create favourable conditions for investors of the other Contracting Party to make investments in its Area.

2. Each Contracting Party shall, subject to its rights to exercise powers in accordance with its applicable laws and regulations, including those with regard to foreign ownership and control, admit investment of investors of the other Contracting Party.

3. It is confirmed that this Article shall not be construed to derogate from the obligations of each Contracting Party arising from the Agreement on Trade-Related Investment Measures in Annex 1A to the WTO Agreement.

Article 3
National Treatment

1. Once investment is admitted in accordance with its applicable laws and regulations, each Contracting Party shall in its Area accord to investors of the other Contracting Party and to their investments treatment no less favourable than the treatment it accords in like circumstances to its own investors and to their investments with respect to the operation, management, maintenance, use, enjoyment and sale or other disposal of investments.

2. Paragraph 1 shall not be construed so as to prevent a Contracting Party from adopting or maintaining a measure that prescribes special formalities in connection with the operation, management, maintenance, use, enjoyment and sale or other disposal of investments of investors of the other Contracting Party in its Area, provided that such special formalities do not impair the substance of the rights of such investors under this Agreement.

3. Paragraph 1 shall not apply to subsidies including grants, government supported loans, guarantees and insurance.