AGREEMENT BETWEEN THE GOVERNMENT OF THE DEMOCRATIC PEOPLE'S REPUBLIC OF KOREA AND THE GOVERNMENT OF THE SYRIAN ARAB REPUBLIC FOR THE PROMOTION AND RECIPROCAL PROTECTION OF INVESTMENTS

The Government of the Democratic People's Republic of Korea and the Government of the Syrian Arab Republic, (hereinafter referred to as the "Contracting Parties"),

Desiring to intensify economic cooperation between both states on the basis of equality and mutual benefit,

Intending to create and maintain favorable conditions for investment by investors of one Contracting Party in the territory of the other Contracting Party,

Recognizing that the promotion and Reciprocal protection of such investments will be conducive to the stimulation of individual business initiative and the economic prosperity of both States,

Have agreed as follows:

Article 1. Definitions

For the purpose of this Agreement:

1) The term investment" shall mean every kind of assets invested by investors of one Contracting Party in the territory of the other Contracting Party in accordance with the laws and regulations of the latter and in particular, though not exclusively, shall include:

a) Movable and immovable property and any other property rights such as mortgages and pledges;

b) Shares, stocks and debentures of a company and any other forms of participation in companies;

c) Claims to money or to any other performance having an economic value;

d) Copyrights, industrial property rights such as patents, trademarks, service marks, trade names, industrial designs and indications of origin, know-how and any other similar rights,

e) Business concessions conferred by law, under contracts or by decision of the authority in accordance with the law, including concessions to search for, cultivate, extract or exploit natural resources.

Any alteration of the form in which assets are invested or are reinvested shall not affect their character as an investment, provided that such investment or reinvestment does not contradict to the laws and regulations of the Contracting Party in whose territory the investments were made.

2) The term "investor" refers with regard to either Contracting Party to:

a) Natural persons who, according to the law of that Contracting Party, are considered to be its nationals;

b) Legal entities, including companies, business associations and other organizations, which are constituted or otherwise duly organized under the law of that Contracting Party and have their seat, together with real economic activities, in the territory of the same Contracting Party.

3) The term "returns" means amounts yielded by an investment such as profits, interests, dividends, capital gains, royalties and fees.

4) The term 'territory" shall mean:

a) In respect of the Democratic People's Republic of Korea, the territorial land, territorial sea, exclusive economic maritime zone and continental shelf over which it exercises sovereign rights or jurisdiction in accordance with its national law and international law.

b) In respect of the Syrian Arab Republic, the term "Syria" means, in accordance with international law, the territories of the Syrian Arab Republic including its internal waters, territorial sea, the subsoil thereof and the airspace above them to which Syria has sovereign rights and other maritime areas to which Syria has the-rights to exercise sovereign rights for the purposes of exploration, exploitation and conservation of natural resources.

Article 2. Promotion and Protection of Investments

1) Each Contracting Party shall in its territory promote investments by investors of the other Contracting Party, create favorable conditions for their investments and admit such investments in accordance with its laws and regulations. When one Contracting Party shall have admitted an investment on its territory, it shall consider applications for the entry and sojourn of nationals of the other Contracting Party or their employed persons who wish to enter its territory in connection with such an investment.

2) Investments of investors of either Contracting Party shall at all times be accorded fair and equitable treatment and shall enjoy full protection and security in the territory of the other Contracting Party. Neither Contracting Party shall in any way impair by unreasonable or discriminatory measures the management, maintenance, use, enjoyment or disposal of such investments.

Article 3. Treatment of Investments

1) Each Contracting Party shall in its territory accord investments and returns of investors of the other Contracting Party treatment not less favorable than that which it accords to investments and returns of its own investors or investors of any third State, whichever is more favorable.

2) Each Contracting Party shall in its territory accord investors of the other Contracting Party, as regards the management, maintenance, use, enjoyment or disposal of their investments, treatment not less favorable than that which it accords to its own investors or investors of any third State, whichever is more favorable.

3) The provisions of paragraph (1) and (2) of this Article shall not be construed so as to oblige one Contracting Party to extend to the investors of the other Contracting Party the benefit of any treatment, preference or privilege which may be extended by the former Contracting Party by virtue of:

a) Any custom union, free trade area, monetary union or similar international agreements leading to such unions or other forms of regional cooperation to which either Contracting Party is or may become a party;

b) Any international agreements or arrangements relating wholly or mainly to taxation.

Article 4. Expropriation

1) Investments of investors of either Contracting Party shall not be expropriated, nationalized or subject to measures having the same effect (hereinafter referred to as "expropriation") in the territory of the other Contracting Party except for the public interest, under due process of law, on a non-discriminatory basis and against prompt, adequate and effective compensation.

2) The compensation shall amount to the market value of the investment affected immediately before the actual measure was taken or became public knowledge, whichever is the earlier, it shall include interest from the date of actual expropriation until the date of payment at a normal commercial rate and shall be freely transferable in a freely convertible currency.

Article 5. Compensation for Losses

Investors of one Contracting Party whose investments suffer losses owing to war or other armed conflict, revolution, state of emergency, revolt, insurrection, riot or other similar events in the territory of the other Contracting Party shall be accorded by the latter Contracting Party treatment in accordance with Article 3 of this Agreement as regards restitution, indemnification, compensation or other settlement.

Article 6. Free Transfer

1) Each Contracting Party in whose territory investments shall have been made by investors of the other Contracting Party shall grant those investors the free transfer, in a freely convertible currency, of the funds relating to these investments, in particular of:

a) Capital and additional capital amounts necessary for the maintenance and development of the investment;

b) Returns;

c) Repayments of loans relating to investments;

d) The proceeds from the total or partial Sale or liquidation of the investment;

e) Compensation and other payments due to be paid in accordance with Article 4 and 5 of this Agreement;

f) The salaries and other legitimate earnings of the persons engaged from abroad in connection with the investment,

g) Payments arising out of the settlement of a dispute.

2) transfers shall be made without delay at the market rate of exchange prevailing on the date of the transfer in the territory of that Contracting Party.

3) Each Contracting Party shall accord investors of the other Contracting Party treatment not less favorable than that accorded to investors of any third State in connection with the transfers.

Article 7. Subrogation

1) If either Contracting Party or its designated agency makes payment to one of its investors under any financial guarantee against non-commercial risks it has accorded in respect of an investment by its investor in the territory of the other Contracting Party, the latter Contracting Party shall recognize:

a) The assignment, whether under the law or pursuant to a legal transaction, of any right or claim from the investor to the former Contracting Party or its designated agency; and

b) That the former Contracting Party or its designated agency is entitled by virtue of subrogation to exercise the right and to enforce the claim of that investor while it will assume the obligations relating to the investment.

2) The right or claim by virtue of subrogation shall not exceed the original right or claim of the investor.

Article 8. Settlement of Dispute between a Contracting Party and an Investor of the other Contracting Party

1) Any dispute which may arise between a Contracting Party and an investor of the other Contracting Party in connection with an investment shall, as far as possible, be settled amicably through consultations between the parties to the dispute.

2) If these consultations do not result in a solution within six months from the date of request for settlement, the investor may submit the dispute, at his choice, for settlement to:

a) The competent court of the Contracting Party in the territory of which the investment has been made; or

b) An arbitrator or ad hoc arbitral tribunal which shall be established under the arbitration rules of the United Nations Commission on International Trade Law (UNCITRAL);

In such a case, the chairman of the ad hoc arbitral tribunal should be a national of a third country which has diplomatic relations with both Contracting Parties.

3) Each Contracting Party hereby consents to the submission of an investment dispute to international arbitration or conciliation, which is acceptable for both parties.

4) The arbitral tribunal shall make its decision on the basis of national laws and regulations of the Contracting Party, which is a party to the dispute, and the provisions of the present Agreement, as well as applicable rules of international law. The arbitral awards shall be final and binding on the parties to the dispute.

5) Neither Contracting Party shall pursue, through diplomatic channel, a dispute submitted to international arbitration unless the other Contracting Party does not abide by and comply with the award rendered by an arbitral tribunal.

Article 9. Settlement of Disputes between the Contracting Parties

1) Any dispute which may arise between the Contracting Parties concerning the interpretation or application of this Agreement shall, as far as possible, be settled amicably through consultations.

2) If both Contracting Parties do not reach an agreement within six months after the beginning of the dispute between themselves, the dispute shall, upon request of either Contracting Party, be submitted to an arbitral tribunal of three members,

3) Such an arbitral tribunal shall be constituted for each individual case in the following way:

a) Within three months of receipt of the request for arbitration, each Contracting Party shall appoint one arbitrator respectively. These two arbitrators shall then select a national of a third country which has diplomatic relations with both Contracting Parties, who upon approval by the Contracting Parties shall be appointed Chairman of the tribunal. The Chairman shall be appointed within three months from the date of appointment of the other two arbitrators.

b) If within the periods specified in a), paragraph 3) of this Article the necessary appointments have not been made, either Contracting Party may, in the absence of any agreement, invite the President of the International Court of Justice to make the necessary appointments. If the President is a national of either Contracting Party or is otherwise prevented from discharging the said function, the Vice-President shall be invited to make the necessary appointments. If the Vice-President is a national of either Contracting Party or is also prevented from discharging the said Junction, the Member of the International Court of Justice next in seniority, who is not a national of either Contracting Party, shall be invited to make the necessary appointments.

4) The arbitral tribunal shall determine its own procedure. The arbitral tribunal shall make its decision on the basis of the provisions of the present Agreement and other agreements concluded between the Contracting Parties. The arbitral tribunal shall reach its decision by a majority of votes. The decisions of the tribunal shall be final and binding upon both Contracting Parties.

5) Each Contracting Party shall bear the costs of its own arbitrator in the arbitral proceedings. The costs of the Chairman and the remaining costs shall be borne in equal parts by the Contracting Parties.

Article 10. More Favorable Provisions and other Obligations

1) If the laws and regulations of either Contracting Party international agreements Which are binding upon both Contracting Parties or the agreements concluded between; one Contracting Party and investors of the other Contracting Party in addition to this

Agreement contain provisions, whether general or specific, entitling investments of investors of the other Contracting Party to treatment more favorable than that provided for by the present Agreement, such provisions shall, to the extent that they are more favorable, prevail over this Agreement.

2) Each Contracting Party shall observe any other obligations it may have assumed with regard to investments in its territory by investors of the other Contracting Party.

Article 11. Consultation and Amendment

1) Each Contracting Party may propose to the other Contracting Party to enter into consultations concerning all questions related to the implementation or interpretation of the present Agreement. The other Contracting Party shall make the necessary arrangements for holding these consultations without delay.

2) This Agreement may be amended at any time, if deemed necessary, by mutual consent of both Contracting Parties in writing.

Article 12. Application of Agreement

The provisions of this Agreement shall apply to all investments made in the territory of one Contracting Party prior to or after the entry into force of the Agreement by investors of the other Contracting Party. It shall, however, not be applicable to divergences or disputes which have arisen prior to its entry into force.

Article 13. Entry Into Force, Duration and Termination

1) This Agreement shall enter into force from the date when both Contracting Parties notify each other that their constitutional requirements for the entry into force of this Agreement have been fulfilled.

2) This Agreement shall remain in force for a period of ten years. Thereafter, it shall automatically continue to be valid for further period often years unless either Contracting Party notifies the other Contracting Party in writing at least twelve months prior to the expiry date of this Agreement of its intention to terminate the Agreement.

3) In case of official notice as to the termination of the present Agreement, the provisions of Articles 1 to 12 shall continue to be effective for a further period of ten years for the investments made before official notice was given.

In Witness Whereof, the undersigned, duly authorized thereto by their respective Governments, have signed this Agreement.

Done in duplicate, in Pyongyang, on 14 May 2006, in Korean, Arabic and English languages, all texts being equally authentic. In case of any divergence of interpretation of this Agreement, the English text shall prevail.

On behalf of the Government of the Democratic Peoples Republic of Korea:

Rim Kyong Man

Minister of Foreign Trade

On behalf of the Government of the Syrian Arab Republic:

Amer Husni Lutfi

Minister of Economy and Trade