AGREEMENT BETWEEN THE GOVERNMENT OF MONGOLIA AND THE GOVERNMENT OF THE REPUBLIC OF BULGARIA ON MUTUAL PROMOTION AND PROTECTION OF CAPITAL INVESTMENTS

The Government of Mongolia and the Government of the Republic of Bulgaria, hereinafter referred to as "the Contracting Parties 1",

Wishing to strengthen mutually beneficial economic cooperation,

Desiring to encourage and create favorable conditions for the investment of investors of one Contracting Party in the territory of the other Contracting Party on the basis of equality and mutual benefit,

Recognizing that the promotion and mutual protection of investments in accordance with this Agreement contribute to a business initiative in this area,

HAVE AGREED AS FOLLOWS:

Article 1.

1. For the purposes of this Agreement, the term "investment" means an investment made in one of the following forms:

A) ownership and other property rights and and real security in the form of mortgages, collateral and others.

B) deposits, shares and other forms of participation in companies;

C) rights of claim and other rights of economic value;

D) copyrights, industrial and intellectual property rights (such as patents, licenses, industrial designs, trademarks, appellations of origin), technological processes, know-how and goodwill;

E) the right to carry out economic activities provided on the basis of a law, contract or act of a competent state body, including, in particular, the right to explore, develop and operate natural resources.

Investments must take into account the legislation of the Contracting Party in whose territory they are carried out.

Further changes in the form of investment in which they were implemented do not affect their qualifications as investments, provided that such a change does not contradict the legislation of the Contracting Party on whose territory the investment is made.

2. The term "income" means all amounts received as a result of investments, such as profits, dividends, interest and other legal amounts.

3. The term "investor" in respect of Mongolia and the Republic of Bulgaria

Means:

A natural person who is a citizen of Mongolia or the Republic of Georgia in accordance with its current legislation;

Any company, organization or association created in accordance with the laws of Mongolia and the Republic of Bulgaria on their territory, regardless of its status as a legal person.

4. The term "territory" means territory under the sovereignty of Mongolia, as one party, and the Republic of Bulgaria as another, including the territorial sea, as well as the continental shelf and the exclusive economic zone over which the state in question exercises sovereign rights and jurisdiction in accordance with international law

Article 2.

1. Each Contracting Party shall encourage and protect on its territory the investments of investors of the other Contracting Party and allow such investments in accordance with its legislation, providing them with fair and impartial treatment and protection.

2. Incomes from investments, and in the case of reinvestment (reinvestment) - income from reinvestment (reinvestment enjoys the same protection as the initial investment.

3. Each of the Contracting Parties will consider, in a favorable and in accordance with its legislation, matters relating to the entry, stay, work and movement on its territory of citizens of the other Contracting Party that carry out activities related to investments, as defined in this Agreement, and members Their families who live in this household with them. On these issues, the legislation of the relevant Contracting Party and international agreements to which the Contracting Parties are Parties are prevailing.

Article 3.

1. Each of the Contracting Parties shall be entitled with capital investments made in the territory of the Contracting Party, a regime no less favorable than that of the investment of its own investors or from the investments of investors of any third state,whichever of them is more favorable.

2. Each of the Contracting Parties will grant, in the Territory, to investors of the other Contracting Party, in relation to activities connected to maintaining, use and management of their investments, a regime no less favorable than that of the investment of its own investors or from the investments of investors of any third state,whichever of them is more favorable.

3. The provisions of paragraphs 1 and 2 of this Article shall not apply to the advantages that the Contracting Party provides or shall provide in the future to the investors of any third party in relation to

a) Participation in or association with a customs union or an economic union, a free trade zone or other similar institutions:

b) agreements on elimination of double taxation.

4. Each Contracting Party reserves the right to comply with its current legislation by excluding the "national treatment granted in accordance with paragraphs 1 and 2 of this Article. Any new exception, however, will apply only to investments made after the entry into force of the said exemption.

5. If one of the Contracting Parties, in accordance with its legislation or an international treaty to which both Contracting Parties are parties, provides investment to investors of the other Contracting Party and activities related to investment, a regime more favorable t than that accorded to investments under this Agreement, the more favourable treatment shall also apply.

Article 4.

The contracting party in whose territory the investment of the investors of the other Contracting Party was damaged as a result of a war of another armed conflict, the introduction of a state of emergency or other similar circumstances provides such investors with a regime no less favorable than the regime that it provides to investors of any third state.

Article 5.

1. Investments by investors of one of the Contracting Parties made on the territory of the other Contracting Party may not be expropriated or nationalized, as the case may be. When such measures are taken for the public interest. according to the procedure established by the Law, are not discriminatory and are accompanied by the payment of immediate and adequate compensation.

2. Compensation must match

Compensation should correspond to the market value of the expropriated capital at the time immediately preceding the expropriation or when the expropriation has become publicly known, depending on which what happens earlier, and shall be paid without delay — and includes annual interest equal to the 12-month interest rate (LIBOR) for the respective freely convertible currency in which the investments were made, until paid. The payment of this compensation is freely transferable.

Article 6.

1. Each of the Contracting Parties shall guarantee to investors of the other Contracting Party after the fulfillment of all taxes on them the unhindered transfer of income in connection with investments and in particular from:

A) the amount of capital investment and additional amounts to maintain or increase investment;

B) income from investment;

C) amounts received by the investor as a result of complete or partial liquidation of the investment;

D) the amounts necessary to pay the costs resulting from the operation of the investment, such as loan payments, payment of patent fees, payment of other costs;

E) compensation in accordance with Article 5 of this Agreement;

F) wages and other remuneration received by citizens of the other Contracting Party for work and services performed in connection with investments made in the territory of the first Contracting Party, and the amount and procedure provided for by its legislation.

2. Transfer of payments referred to in paragraph 1 of this Article it is made without delay in freely convertible currency at the exchange rate prevailing on the day of the transfer of the Contracting Party in whose territory the investments were made.

3. In accordance with the laws of each of the Contracting Parties, all transfers that are the subject of this Article shall enjoy no less favorable treatment than transfers made by investors of any third state.

Article 7.

If a Contracting Party makes payment to its investor based on a guarantee contract concluded in connection with an investment, the other Contracting Party, within the meaning of subrogation, recognizes the transfer to the first Contracting Party of rights and obligations belonging to the investor. The subrogation of the rights and obligations of the guaranteed investor extends to the right of transfer mentioned in Article 6 above, the Contracting Party that makes payment can not acquire rights and obligations greater than that of the guaranteed investor.

Article 8.

1. Disputes between the Contracting Parties concerning the interpretation or application of this Agreement shall be resolved, if possible, by negotiation between the Contracting Parties.

2. If the dispute between the Contracting Parties is not resolved within six months from the commencement of the negotiations, then, at the request of any of the Contracting Parties, it may be referred to the arbitral tribunal for review.

3. Such an arbitral tribunal shall be established for each particular case as follows: within three months from the receipt of the request for arbitration, each of the Contracting Parties shall appoint one member of the court. These two members of the court elect a citizen of a third state, who, after approval by both Contracting Parties, is appointed by the President of the court. The chairman of the arbitral tribunal shall be appointed within two months of the appointment of the other two members of the court.

4. If no necessary appointments have been made within the time periods specified in paragraph 3 of this Article, then, unless otherwise agreed, each of the Contracting Parties may request the President of the International Court of Justice with a request to make the necessary appointments. If the President is a citizen of one of the Contracting Parties or, for any other reason, cannot perform the specified function, the request to make the necessary appointments may be addressed to the Vice-President of the International Court of Justice. If the Vice-President is a Member of one of the Contracting Parties or is unable to fulfill the specified function, a request to make the necessary appointments may be addressed to the next member of the International Court of Justice who is not a citizen of any of the Contracting Parties.

5. The Chairperson and members of the arbitral tribunal shall be nationals of states with which both Contracting Parties maintain diplomatic relations.

6. The arbitral tribunal shall take its decision on the basis of the provisions of this Agreement, as well as generally recognized principles and norms of international law. He makes his decision by a majority vote. Such a decision is final and

binding on both Contracting Parties. The court determines the order of its work independently.

7. Each of the Contracting Parties bears expenses related to the activities of its appointed member of the court and its representation in the arbitration process. The Contracting Parties shall bear the costs related to the activities of the President of the Court and other expenses in equal shares.

Article 9.

1. Disputes between an investor of one of the Contracting Parties and another Contracting Party relating to its obligations under this Agreement and arising in connection with the investment of the investor of the first Contracting Party, are resolved as far as possible by negotiation.

2. If in such a manner the dispute is not resolved within six months from the date of its occurrence, it may be referred for consideration:

A) to the competent court of a Contracting Party that is a party to the dispute; or

B) in relation to disputes on the basis of Articles 4, 5, 6 and 7 of this Agreements to the "ad-hoc" Arbitration Court in accordance with the Arbitration Rules of the United Nations Commission on International Trade Law (UNCITRAL).

For this purpose, any Contracting Party must declare its consent to the application of the above-mentioned international arbitration procedure.

3. The arbitral tribunal shall take its decision on the basis of the local law of the Contracting Party, which is a party to the dispute, the provisions of this Agreement, and in accordance with generally recognized principles and norms of international law.

4. The decision of the arbitral tribunal shall be final and binding on both parties to the dispute and shall be executed in accordance with the national law! Legislation of the Contracting Party in whose territory the investment is made.

5. Each of the parties to the dispute bears the costs associated with the activity! Her appointed member of the court and her representation in arbitration! Process, and expenses related to the activities of the President of the Court and other expenses are paid by the Contracting Parties in equal shares.

Article 10.

The Contracting Parties shall consult on all matters relating to the interpretation or application of this Agreement. These consultations shall be carried out on the proposal of one of the Contracting Parties, and the place and time of the consultation will be agreed upon diplomatically.

Article 11.

This Agreement will be accepted for all investments made by investors of one Contracting Party and the territories of the other Contracting Party after 3 July 1993.

Article 12.

1. This Agreement shall be subject to ratification or approval in accordance with the legislation of each Contracting Party and shall enter into force on the date of the last written notification of the completion by the Contracting Parties of the relevant constitutional procedures and will be valid for fifteen years.

2. If neither of the Contracting Parties notifies the other Contracting Party in a written form at least twelve months before the expiration of the deadline of its intention to terminate this Agreement, its validity is automatically extended for the next five-year terms.

3. With respect to investments made prior to the date of termination of this Agreement, the provisions of Articles 1-11 of this agreement shall remain in force for the next ten years after this date.

In fulfillment of what, the authorized officials of the respective Governments have signed the present Agreement

Done in Sofia, on 06.06.2000, in two original copies in the Mongolian, Bulgarian and Russian languages, all three texts having equal force. In the event of a discrepancy in the interpretation of the provisions of this Agreement, the text in Russian shall prevail.

FOR THE GOVERNMENT OF MONGOLIA:

FOR THE GOVERNMENT OF THE REPUBLIC OF BULGARIA: