AGREEMENT BETWEEN THE GOVERNMENT OF THE RUSSIAN FEDERATION AND THE GOVERNMENT OF THE DEMOCRATIC PEOPLE'S REPUBLIC ON THE PROMOTION AND MUTUAL PROTECTION OF INVESTMENTS

The Russian Federation and the Government of the Democratic People's Republic, hereinafter referred to as Contracting Parties

Referring to the creation of favorable conditions for investments by investors of one Contracting Party in territory of the other Contracting Party,

Considering that the promotion and reciprocal protection of such investment will contribute to the development of mutually beneficial trade-economic and scientific-technical cooperation,

Have agreed as follows:

Article 1.

For the purposes of this Agreement:

a) The term "investor" means any natural person who is a national of a Contracting Party, and any legal entity established in accordance with its legislation;

b) the term "investments" covers all kinds of assets, which are invested by the investor of one Contracting Party in the territory of the other Contracting Party in accordance with its legislation, and in particular:

Movable and immovable property, and related property rights, including the right to bail;

Cash as well as shares, stocks and other forms of participation;

The contractual rights to the cash flows that are invested to create economic value, or services that are

Of economic value;

Copyrights, inventions, industrial designs, trademarks or service marks, trade names, as well as technology and know-how;

Right to engage in entrepreneurial activity, conferred by law or contract, including, in particular, the right to exploration, development and exploitation of natural resources;

c) the term "returns" means amounts yielded by an investment under paragraph "b" of this article, in particular as profits, dividends, interest, royalties and commissions, payments for technical assistance and maintenance, as well as other rewards;

d) the term "territory" means the territory of the Russian Federation or the territory of North Korea, as well as the exclusive economic zone and continental shelf, defined in accordance with international law.

Article 2.

1. Each Contracting Party shall encourage investors of the other Contracting Party to make investments in its territory and in accordance with its law admit such investments.

2. Each Contracting Party shall ensure, in accordance with its legislation full and unconditional legal protection to investments of investors of the other Contracting Party.

Article 3.

1. Each Contracting Party shall ensure in its territory investments made by investors of the other Contracting Party, and activities in connection with such investments fair and equitable treatment, excludes the application of discriminatory measures that would impede the management and disposal of investments.

2. referred to in paragraph 1 of this Article Mode, will be no less favorable than that accorded to the investments and activities in connection with the investments of its own investors or investors of any third state.

3. Each Contracting Party shall have the right to maintain or establish in their legislation withdrawal from the national treatment provided in accordance with paragraph 2 of this article.

4. Most-favored-nation treatment granted in accordance with paragraph 2 of this Article shall not apply to the advantages which the Contracting Party is providing or will provide in the future:

In connection with participation in a free trade area, customs or economic union;

By virtue of the agreements of the Russian Federation with the states of the former Union of Soviet Socialist Republics;

On the basis of agreements to avoid double taxation or other agreements on taxation.

Article 4.

Investments of investors of either Contracting Parties made in the territory of the other Contracting Party shall not be nationalized or subjected to measures equal to nationalize consequences (hereinafter - nationalization), except in cases where such measures are taken in the public interest as provided by law, are not discriminatory and are accompanied by payment of prompt adequate and effective compensation. Compensation should reflect the actual cost of the nationalized capital

Immediately prior to the moment when the official became aware of an actual or impending nationalization. Compensation will be paid without unreasonable delay in freely convertible currency. Until the payment of the amount of compensation will bear interest according to the interest rate of the Contracting Party in whose territory

Investments were made.

Article 5.

Each Contracting Party shall guarantee to investors of the other Contracting Party after the payment of the relevant taxes and duties free transfer abroad of payments in connection with the investments, and in particular:

a) income as defined in paragraph "c" of Article 1

Present agreement;

b) the amounts in repayment of loans, recognized by both Contracting Parties as investments;

c) the amounts received by the investor in connection with the partial or total liquidation or sale of investments;

d) the compensation provided for in Article 4 of this

Agreement.

Article 6.

Disputes between a Contracting Party and an investor of the other Contracting Party, arising from implementation of investments, including disputes over the size of the issues, conditions, or order the payment of compensation shall be settled as far as possible by negotiations. If so the dispute is not resolved within six months from the date of its origin, its consideration may be referred to:

a) the competent court or tribunal of the Contracting Party in whose territory the investments were made;

b) the arbitration court ah Jos in accordance with the Arbitration Rules of the International Trade Law of the United Nations Commission (UNCITRAL).

Article 7.

The Contracting Parties on the proposal of any of them may be consulted on matters relating to the interpretation or application of this Agreement.

Article 8.

1. Disputes between the Contracting Parties concerning the interpretation or application of this Agreement shall be resolved through negotiations. If so the dispute is not resolved, then at the request of either Contracting Party, it shall be referred to the arbitral tribunal.

2. The arbitral tribunal will be created separately for each case. The Contracting Parties shall appoint one member of the Court, as well as co-national of a third State as chairman of the court. The members of the Court shall be appointed within two months and the chairman of the court - within three months from the date when one of the Contracting Parties declares its intention to submit the dispute to an arbitral tribunal.

3. If specified in paragraph 2 of this article the terms are not observed, in the absence of any other agreement, either Contracting Party may request the International Court of Justice to make the necessary appointment.

4. The arbitral tribunal shall render its decision by majority vote. Such a decision would be binding. Each Contracting Party shall bear the expenses related to the activities of its designated member of the court; costs associated with the chairman of the court activity, and other expenses will be borne by the Contracting Parties in equal shares. For all other matters the arbitral tribunal shall determine its own procedure.

Article 9.

This Agreement shall apply to all investments made by investors of either Contracting Party in the territory of the other Contracting Party from 1 January 1987 year.

Article 10.

1. This Agreement shall enter into force on the date of the last written notification about the fulfillment by the Contracting Parties of the necessary domestic procedures.

2. This Agreement is concluded for a period of fifteen years. It shall be automatically renewed for successive five-year periods, unless either Contracting Party notifies in writing the other Contracting Party at least twelve months prior to the expiry of the period of its intention to terminate this Agreement.

3. In respect of investments made prior to the date of termination of this Agreement, the provisions of this Agreement shall remain in force for a period of fifteen years from that date.

Done in Moscow on 28 November 1996 in two copies, each in the Russian and Korean languages, both texts being equally authentic.