Agreement between the Government of the Republic of Belarus and the Government of the Democratic People's Republic of Korea on Promotion and Mutual Protection of Investments

The Government of the Republic of Belarus and the Government of the Democratic People's Republic of Korea,

Desiring to further develop mutually beneficial economic cooperation between the Republic of Belarus and the Democratic People's Republic of Korea, hereinafter referred to as the Contracting Parties, and

Seeking to create favorable conditions for investments by investors of one State in the territory of the other State,

Have agreed as follows:

Article 1. Definitions

For the purposes of this Agreement, the terms listed below shall have the following meanings:

1. Investors - legal entities, including enterprises, associations, and other unions or organizations, duly established or incorporated in accordance with the laws of one Contracting Party, as well as any natural persons who are nationals of one Contracting Party and make investments in the territory of the other Contracting Party.

2. Investment - any form of property owned by an investor of one Contracting Party that is invested in the territory of the other Contracting Party in accordance with the laws of the latter Contracting Party and includes, in particular, but not exclusively:

(a) movable and immovable property and any other property rights, such as mortgages, liens, and pledges;

(b) shares, stocks, bonds, and any other forms of participation in enterprises;

(c) claims for the payment of money or any performance of contractual obligations that have any economic value;

(d) intellectual and industrial property rights (such as copyrights, patents for inventions, utility models, industrial designs, trademarks or service marks, trade names), and know-how;

(e) rights to engage in economic activities, including rights to explore, extract, or exploit natural resources, as well as all other concessions for economic activities granted by law, contract, or decision of a competent authority in accordance with the law.

3. Income - amounts received through any investment and, in particular but not exclusively, includes profits, interest, dividends, commissions, payments for technical assistance and maintenance, as well as other remuneration.

4. Territory:

a) with respect to the Republic of Belarus - the territory and airspace of the Republic of Belarus over which it exercises sovereign rights or jurisdiction in accordance with international law;

b) with respect to the Democratic People's Republic of Korea - the territory, territorial waters, airspace, exclusive economic zone, and continental shelf of the Democratic People's Republic of Korea, where it exercises sovereign rights and jurisdiction in accordance with domestic law and international law.

5. Expropriation - the alienation by the authorities of one Contracting Party of part or all of an investment made by an investor of the other Contracting Party in the public interest; for the purposes of this Agreement, such alienation shall not be considered a penalty for a violation of law.

6. The laws of each Contracting Party - the laws of the respective Contracting Party.

Article 2. Promotion and Protection of Investments

1. Each Contracting Party shall create favorable conditions for investors of the other Contracting Party to make investments in its territory and shall admit such investments in accordance with its legislation.

2. Investments of investors of either Contracting Party shall constantly provide full legal protection on the territory of the other Contracting Party in accordance with this Agreement.

Article 3. Investment Treatment

1. Each Contracting Party shall accord in its territory to investors committed investment the other Contracting Party treatment no less favorable than that which it accords to investments and associated activities of its own investors or investors of any third state.

2. Each Contracting Party shall not take discriminatory measures that would impede the management or disposal of investments and maintenance, the use of investments in its territory by investors of the other Contracting Party.

Article 4. Exceptions

1. Each Contracting Party has the right under its legislation to introduce or maintain non-discriminatory exemptions for investors of the other Contracting Party, as well as to investors of any third country in the sectors and areas of activity, which exclude or restrict the activities of foreign investors.

2. The provisions of this Agreement regarding the provision of treatment no less favorable than that accorded to the investors of the Contracting Parties themselves or to investors of any third state, shall not be construed so as to oblige one Contracting Party to extend to investors of the other Contracting Party the benefit of any treatment, preference or privilege, arising from:

a) any existing or possible future free trade agreement, a customs or economic union or a similar regional organization to which is or may become in the future one of the Contracting Parties;

b) any international agreement or arrangement relating wholly or mainly to taxation.

Article 5. Compensation for Losses

1. Investors of one Contracting Party whose investments in the territory of the other Contracting Party suffer losses owing to war or other armed conflict, revolution, state of emergency, revolt, insurrection or riot, the latter Contracting Party shall be accorded treatment no less favorable than that it accords to its own investors or investors of any third state in regard to the recovery of damages, compensation or other settlement.

2. Investments of investors of either Contracting Party in the territory of the other Contracting Party shall not be subject to expropriation or other measures, the effect of which is equal to the expropriation (hereinafter - the expropriation), except in the public interest, on a non-discriminatory basis and in providing timely, adequate and effective compensation.

This compensation is the actual value of the expropriated investment at the time immediately preceding the implementation of expropriation, shall be paid within three months in the currency in which the investment was originally made. Until the payment of the amount of compensation will bear interest according to the law of the Contracting Party in whose territory the investment has been made.

3. Investors of one Contracting Party who suffered losses in the territory of the other Contracting Party shall be entitled to require the judicial or competent authorities of the latter Contracting Party shall promptly review the case and analyzing the evaluation of the relevant investment according to the principles set out in this Article.

Article 6. Free Transfer of Funds

1. Each Contracting Party shall guarantee investors of the other Contracting Party after the payment of their respective taxes and duties free transfer abroad of payments related to its investments, in particular:

a) The income referred to in paragraph 3 of Article 1 of this Agreement;

b) repayments of loans, recognized by both Contracting Parties as investments;

c) payments, intended to cover costs related to the management of investments;

d) additional contributions required to maintain or expand the investment;

e) proceeds from the sale or partial or complete liquidation of the investment;

f) compensation provided for in Article 5 of this Agreement.

2. Transfers will be made without delay in freely convertible currency at the applicable on the date of transfer the exchange rate according to the applicable provisions of the law on currency regulation.

Article 7. Subrogation

In the event that either Contracting Party has granted any financial guarantee against non-commercial risks in respect of investments made by one of its investors in the territory of the other Contracting Party, the latter shall recognize the rights of the first Contracting Party on the basis of the principle of subrogation rights of the investor, if the first Contracting Party It made payments under this warranty.

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

1. Disputes concerning investments between a Contracting Party and an investor of the other Contracting Party shall be settled friendly way.

2. If in this way within six months from the date of submission of the application for the settlement of disputes, these disputes are not resolved, they may be referred for consideration to:

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

b) the arbitral tribunal "ad hoc", to be established and act in accordance with the arbitration rules of the United Nations Commission on International Trade Law.

Chairman of the arbitral tribunal "ad hoc" must be a citizen of a third State with which the Contracting Parties have diplomatic relations.

3. Decisions of the arbitral tribunal shall be final and binding on both parties to the dispute.

Article 9. Settlement of Disputes between the Contracting Parties

1. Any dispute arising between the Contracting Parties regarding the interpretation or application of the provisions of this Agreement shall be settled through consultations.

2. If a dispute arises between the Contracting Parties and they fail to reach an agreement within six months, the dispute shall be submitted to an arbitral tribunal at the request of either Contracting Party.

The arbitral tribunal shall consist of three members. Each Contracting Party shall appoint one arbitrator, and these two arbitrators shall elect a chairperson from among the citizens of a country with which both Contracting Parties maintain diplomatic relations.

3. If, within a period of two months from the date on which one of the Contracting Parties expresses its intention to refer the dispute to arbitration, the other Contracting Party fails to appoint its arbitrator or fails to respond to a proposal from the first Contracting Party regarding such appointment, the arbitrator shall be appointed by the President of the International Court of Justice at the request of the first Contracting Party.

4. If the arbitrators of both parties fail to reach agreement on the appointment of the President within two months from the date of their appointment, the President shall be appointed by the President of the International Court of Justice at the request of either Contracting Party.

5. If the President of the International Court of Justice referred to in paragraphs 3 and 4 of this Article is unable to perform the functions specified above, or if he is a national of one of the Contracting Parties, the Vice-President shall make the appointment.

If the Vice President is also unable to make the appointment or is a national of one of the Contracting Parties, the

appointment shall be made by the member of the International Court of Justice next in seniority, rather than by a national of either Contracting Party.

The appointment of the President shall be made within three months from the date of application to the International Court of Justice.

6. The arbitral tribunal organized in accordance with this Article shall adopt its decisions by a majority vote.

Such decisions shall be binding on both parties.

Each party shall bear the costs associated with the activities of the arbitrators it has appointed.

The costs associated with the activities of the President and other costs shall be borne equally by both parties. The tribunal shall establish its own rules of procedure.

Article 10. Investments Made Prior to the Entry Into Force of this Agreement

This Agreement shall also apply to investments that are invested in the territory of one Contracting Party made in accordance with its legislation by investors of the other Contracting Party prior to the entry into force of this Agreement.

Article 11. Entry Into Force and Validity of this Agreement

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 ten years. Its effect will 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 Articles 1 - 11 of this Agreement shall remain in force for the next ten years after that date.

This Agreement is done in Pyongyang on August 24, 2006, in two copies, each in the Belarusian, Korean and Russian languages, all texts being equally authentic.

In the event of discrepancies in the interpretation of the provisions of this Agreement, the Russian text shall prevail.

For the Government of the Republic of Belarus

Deputy Minister of Foreign Affairs

V.A.Gaysenok

For the Government of the Democratic People’s Republic of Korea,

Deputy Minister of Foreign Trade

Cho Jeong-ho