Agreement on Mutual Investment Promotion and Investment Support between the Government of the Islamic Republic of Iran and the Government of the People's Democratic People's Republic of Korea

The Government of the Islamic Republic of Iran and the Government of the People's Democratic People's Republic of Korea, hereinafter referred to as "the parties to the treaty",

Interested in strengthening economic cooperation for the benefit of both governments with the aim of utilizing economic resources and in the creation of favorable conditions for potential investments by nationals of the Contracting Parties in the other,

And confirming the need to encourage and protect the investment of nationals of the Contracting Parties in the other Territory,

Have agreed as follows:

Article 1. Definitions

From the point of view of this agreement the meaning of the terms used is as follows:

1. The term "investment" refers to every kind of asset or property, invested by the investors of one Contracting Party in the territory of the other Contracting Party in accordance with the laws and regulations of the other Contracting Party (hereinafter referred to as the host Contracting Party) , including the following:

a) Movable and immovable property and related rights;

b) Shares or any kind of participation in companies.

c) Any intellectual property rights and industrial property rights such as patents, utility models, industrial designs, trademarks, trade marks, technical know-how, and commercially well-known names.

d) The right to explore, extract or exploit natural resources.

2. The term "investor". Investors "means the following persons who, within the scope of this Agreement, invest in the territory of the other Contracting Party:

a) Natural persons who are nationals of the Contracting Parties in accordance with the laws of each Contracting Party and who do not possess the nationality of the Contracting Party of the Investor;

b) Any legal entity One of the Contracting Parties established in accordance with the laws of the same Contracting Party and having its headquarters or principal place of business within the territory of the Contracting Party.

3. The term "proceeds" means funds received lawfully from the investment, including profits from the investment, dividends, commissions and royalties.

4. The term "territory" means:

a) In the case of the Islamic Republic of Iran, it refers to areas under the jurisdiction or jurisdiction of the Islamic Republic of Iran, including the associated sea areas;

b) For the Democratic People's Republic of Korea it means the land, the territorial sea and the exclusive economic maritime and offshore areas under the jurisdiction or jurisdiction of the Democratic People's Republic of Korea.

Article 2. Investment Promotion

1. Each Contracting Party shall encourage its nationals to invest in the territory of the other Party.

2. Each Contracting Party shall, within the limits of its laws and regulations, provide an appropriate basis for attracting the investment of nationals of the other Contracting Party in its territory.

Article 3. Acceptance of Investments

1. Each Contracting Party shall, in accordance with its laws and regulations, accept the investment of natural and legal persons of the other Contracting Party in its territory.

2. Each Contracting Party shall, after accepting the investment, grant all the licenses required under the laws and regulations necessary for the realization of the investment.

Article 4. Protection and Treatment of Investments

Investments by natural and legal persons of either Contracting Party in the territory of the other Contracting Party shall enjoy full legal protection and fair and equitable treatment from the host Contracting Party. It will be no less favorable to the treatment granted to its investors or investors of any third country under similar circumstances.

Article 5. More Favourable Conditions

Subject to the terms of this Agreement, more favorable conditions agreed between each Contracting Party and an investor of the other Contracting Party shall be enforceable.

Article 6. Expropriation and Compensation

1. The investments of both natural and legal persons by either Contracting Party shall not be confiscated, expropriated or expropriated by, or subject to similar measures unless such measures are for public purposes. The legal process must be conducted in a non-discriminatory manner and against the prompt and effective payment of compensation.

2. The amount of compensation shall be equal to the value of the investment day immediately prior to its nationalization, confiscation or expropriation or awareness thereof and shall include the related costs from the date of confiscation to the date of payment.

Article 7. Compensation for Losses

Losses by investors of each Contracting Party on their investments due to the armed conflict, revolution, or similar emergency situation in the territory of the other Contracting Party, will enjoy the same treatment which the conduct of the Contracting Party in question grants to investors or investments.

Article 8. Return and Transfer of Capital

1. Each Contracting Party, in accordance with its laws and regulations, in good faith, shall permit the free and unrestricted transfers of the following:

a) Incomes;

b) The proceeds from the sale or the liquidation of all or part of the investment;

c) The royalties and fees relating to the transfer of technology contracts;

d) The amounts paid pursuant to Articles 6 or 7 of this agreement;

e) Installment of capital loans provided that are paid out of the financing of the investment;

f) The monthly salaries and wages received by the investor's employees who have the related permits in the territory of the pertinent Contracting Party; and

g) The funds resulting from the decision referred to in Article 12.

2. The above transfers must be made in convertible currency and at the current rate in accordance with the exchange rate regulations.

3. The investor and the other Contracting Party may agree otherwise on the return or transfer of the subject matter of this article.

Article 9. Subrogation

If a Contracting Party or its designated agency under a statutory framework makes a payment to any of its investors in accordance with an insurance contract or guarantee of non-corporate risk insurance shall be deemed to be a successor to the investor:

a) The successor shall be recognized by the other Contracting Party;

b) The successor shall not have legal entitlement beyond what the investor is entitled to;

c) Disputes between the successor and the other Contracting Party shall be resolved pursuant to Article 12 of this Agreement.

Article 10. Compliance with Each Party's Obligations

Each Contracting Party shall ensure the fulfillment of obligations and guarantees that it has made in relation to a specific private investment of an investor of the other Contracting Party.

Article 11. Scope of the Agreement

This Agreement shall apply to investments which have been approved by the competent authority of the host Contracting Party. The competent authority of the Islamic Republic of Iran is the Organization for Investment, Economic and Technical Assistance of Iran and any other authority which replaces it. The competent authority of the People's Democratic Republic of Korea is the Joint Venture Investment Committee of the Government.

Article 12. Settlement of Disputes between a Contracting Party and an Investor of the other Contracting Party

1. When a dispute arises between a Contracting Party and one or more investment investors of the other Contracting Party concerning an investment, the investor(s) and the said Contracting Party will first attempt to resolve the dispute through negotiation and consultation and in a friendly manner.

2. If the investor and investor (s) of the Contracting Party concerned fail to agree with each other within six months from the date of notification of the claim, either of them may submit the dispute to the competent courts of the host Contracting Party or, subject to its own rules and regulations, refer it to a three-member arbitral tribunal set forth in paragraph 5 of this Article.

3. Any dispute initially brought before to the competent courts of the host Contracting Party shall not be referred to arbitration unless it is under agreement of the parties, and if the final judgment is finalized, it will not be possible to refer to arbitration.

4. Any disputes referred to arbitration shall be excluded from the jurisdiction of domestic courts. However, the provisions of this paragraph shall not prevent an arbitral tribunal from referring the case to the domestic courts for its enforcement.

5. An investor(s) of a Contracting Party wishing to submit a dispute to arbitration shall submit a written notice to the other Contracting Party, indicating the arbitrator of their choice. The other Contracting Party shall, within sixty days of receipt of such notifice, nominate and arbitrator, and the appointed arbitrators shall appoint a chairman within 60 days of the last appointment. If at any time, either party does not appoint its own arbitrator, or the arbitrators selected do not agree on the choice of the chairman, either party may request the Secretary General of the Permanent Court of Arbitration to appoint the chairman or arbitrators as the case may be. In each case, the arbitrator shall be chosen from among nationals of countries that, at the time of election, have relations with the Contracting Parties.

Article 13. Settlement of Disputes between the Contracting Parties

1. Any disputes arising out of the implementation or interpretation of this Agreement, or related to it, shall first be

negotiated and resolved in a friendly manner. In the event of a disagreement, within six months, each Contracting Party may, subject to its respective laws and regulations, refer the matter to a three-member arbitral tribunal composed of two arbitrators appointed by each of the Contracting Parties and a chairman appointed by agreement of both Contracting Parties. If referred to arbitration, each Contracting Party shall, within sixty days of the date of recepipt of the notifice, appoint an arbitrator, an both parties shall appoint the chairman within sixty days from the date of the last appointment. If any Contracting Party does not appoint its arbitrator within the prescribed period, or there is an absence of agreement on the selection of the chairman, each of the parties may request the President of the International Court of Justice to appoint, as the case may be, the arbitrator or the chairman, as the case may be. The arbitrator shall, in any case, have the nationality of a country that has political relations at the time of the election with the Contracting Parties.

2. In cases where the chairman must be appointed by the President of the International Court of Justice, if the President of the International Court of Justice is a national of any of the Contracting Parties, the abovementioned appointment shall be made by the Vice-President of the International Court of Justice, and if the Vice-President is also a national of one of the Contracting Parties, the appointment shall be made by a member of the Court who has not the nationality of any of the Contracting Parties.

3. The Arbitral Tribunal shall, subject to the other provisions agreed by the Contracting Parties, determine the procedure and the place or arbitration.

4. The decisions of the arbitration panel shall be binding on the Contracting Parties.

Article 14. Validity of the Agreement

1. This Agreement shall be subject to the laws and regulations of each of the Contracting Parties, and approved by its competent authorities.

2. This Agreement shall enter into force for a period of ten years from the date of the last notification by either Contracting Party to the other Contracting Party that it has taken all the necessary measures in accordance with its laws and regulations to enter into force of this Agreement. After this period, the Agreement shall remain valid unless one of the Contracting Parties informs the other Contracting Party in writing, six months before its termination that it will not renew the Agreement.

3. After expiration of the period of validity or termination of this Agreement, the provisions of Articles (1) to (15) regarding investments made under this Agreement shall continue to apply for an additional period of ten years.

Article 15. Language and Number of Texts of this Agreement

This Agreement is made in Tehran on September 30, 2002, in two copies in Farsi, Korean, and English languages, all texts being equally authentic. In the event of a controversy in the interpretation of the texts, the English text shall prevail.

On behalf of the Government of the Islamic Republic of Iran

On behalf of the Government of the People's Democratic People's Republic of Korea.