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

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

Wishing to intensify economic cooperation to the mutual benefit of both countries,

Desiring to create favourable conditions for investments of investors of one country in the territory of the other country, and

Recognizing that the encouragement and protection of investments on the basis of this Agreement stimulates business initiative in both countries,

HAVE AGREED AS FOLLOWS:

Article 1. Definitions

For the purpose of this Agreement:

(1) The term "investment" means every kind of asset invested by an investor of one Contracting Party in the territory of the other Contracting Party and in particular, though not exclusively, includes:

(a) Movable and immovable property as well as any other property rights such as mortgages, liens, leases or pledges;

(b) Shares in, stocks and debentures of, and any other forms of participation in a company or any business enterprise;

(c) Claims to money or to any performance having an economic value associated with an investment;

(d) Intellectual property rights including copyrights, trademarks, patents, industrial designs, technical processes, know-how, trade secrets, trade names and goodwill; and

(e) Any right conferred by laws or under contracts relating to an investment and any licenses and permits pursuant to the laws, including the right to search for, extract, cultivate or exploit natural resources. Any change in the form in which assets are invested or reinvested shall not affect their character as an investment.

(2) The term "investor" means any natural or juridical person who invests in the territory of the other Contracting Party:

(a) The term "natural person" means with respect to either Contracting Party a natural person having the nationality of that Contracting Party in accordance with its laws; and

(b) The term "juridical person" means with respect to either Contracting Party any entity incorporated or constituted in accordance with, and recognized as a juridical person by its laws, such as public institutions, corporations, companies and partnership.

(3) The term "returns" means the amounts yielded by an investment and in particular, though not exclusively, includes profits, interest, capital gains, dividends, royalties and fees.

(4) The term "territory" means the territory of a Contracting Party including territorial sea as well as those maritime areas, adjacent to the outer limit of the territorial sea over which the Contracting Party has jurisdiction or sovereign rights for the purposes of exploration, exploitation and conservation of natural resources, pursuant to international law.

(5) The term "freely convertible currency" means the US dollar, the Deutsch mark, the French franc, the British pound, the Japanese yen or any other currency that is widely used to make payments for international transactions and widely traded in

international principal exchange market.

Article 2. Promotion and Protection of Investments

(1) Each Contracting Party shall encourage the creation of favourable conditions for investors of the other Contracting Party to make investments in its territory, and shall admit such investments in accordance with its laws and regulations.

(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.

(3) Neither Contracting Party shall in any way impair by unreasonable or discriminatory measures the operation, management, maintenance, use, enjoyments or disposal of investments in its territory by investors of the other Contracting Party.

Article 3. Investment Treatment

(1) Each Contracting Party shall in its territory accord to investments and returns of investors of the other Contracting Party treatment which is fair and equitable and no less favourable than that which it accords to investments and returns of its own investors or to investments and returns of investors of any third country.

(2) Each Contracting Party shall in its territory accord to investors of the other Contracting Party, as regards management, maintenance, use, enjoyment or disposal of their investments, treatment which is fair and equitable and no less favourable than that which it accords to its own investors or to the investors of any third country.

(3) The provisions of paragraphs (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 virtue of:

(a) Any existing or future customs union or free trade area, a common external tariff area, a monetary union or similar international agreement or other forms of regional cooperation to which either Contracting Party is or may become a party; or

(b) Any existing or future convention or other international arrangement relating wholly or mainly to taxation.

Article 4. Expropriation and Compensation

(1) Investments of investors of either Contracting Party shall not be nationalized, expropriated or subjected to measures having effect equivalent to nationalization or expropriation (hereinafter referred to as "expropriation") in the territory of the other Contracting Party except for a public purpose, under due process of law, on a non-discriminatory basis and provided that it is accompanied by prompt, adequate and effective compensation. Such compensation shall amount to the fair market value of the investment expropriated immediately before the expropriatory action was taken or became public knowledge, whichever is earlier, shall include interest from the date of expropriation until the date of payment at an applicable commercial rate and shall be made without delay, be effectively realizable and be freely transferable.

(2) The investors of one Contracting Party claiming that all or part of their investments have been expropriated shall have a right to prompt review, by a judicial or other independent authority of the other Contracting Party, of their case and of the valuation of their investments in accordance with the principles set out in paragraph (1) of this Article.

(3) Where one Contracting Party expropriates the assets of a company which is incorporated or constituted under its laws and regulations, and in which investors of the other Contracting Party own shares or other forms of participation, the provisions of paragraphs (1) and (2) of this Article shall apply.

(4) When investments by investors of either Contracting Party suffer loss owing to war, armed conflict, a state of national emergency, revolt, insurrection, riot or other similar events in the territory of the other Contracting Party, they shall be accorded by the latter Contracting Party treatment, as regards restitution, indemnification, compensation or other settlement, no less favourable than that which the latter Contracting Party accords to its own investors or to investors of any third country.

(5) Without prejudice to paragraph (4) of this Article, investors of one Contracting Party who in any of the events referred to in that paragraph suffer loss in the territory of the other Contracting Party resulting from requisitioning or any damage of their property by its authorities shall be accorded just and adequate compensation for the loss sustained during the period of the requisitioning or as a result of the damage of the property. Resulting payments shall be freely transferable without

delay.

Article 5. Transfers

(1) The Contracting Parties shall guarantee the transfer of payments related to investments and returns. Such transfers shall include in particular, though not exclusively:

(a) Net profits, dividends, royalties, technical assistance and technical service fees, interests and other current income accruing from any investment made by an investor of the other Contracting Party;

(b) Proceeds accruing from the sale or the total or partial liquidation of any investment made by an investor of the other Contracting Party;

(c) Funds in repayment of loans related to an investment;

(d) Compensation pursuant to Article 4;

(e) Payments arising from the settlement of an investment dispute;

(f) Additional funds necessary for the maintenance or development of an existing investment; and

(g) Earnings of nationals of the other Contracting Party who are allowed to work in connection with an investment in its territory.

(2) The transfers shall be made in a freely convertible currency, without undue delay, at the exchange rate which is effective for the current transactions or determined in accordance with the official rate of exchange in force on the date of transfer, whichever is more favorable to investors.

Article 6. Subrogation

If a Contracting Party or its designated agency makes payment to its own investors under a guarantee against non commercial risks it has accorded in respect of an investment made 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 in that country, of any right or claim from the investor to the former Contracting Party or its designated agency, as well as;

(b) That the former Contracting Party or its designated agency is entitled by virtue of subrogation to exercise the rights and enforce the claims of that investor and assumes the obligations related to the investment.

Article 7. Settlement of Investment 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 amicably settled as far as possible.

(2) If the disputes cannot be settled in the way prescribed in paragraph (1) of this Article within six(6) months from the date on which the request for the settlement has been submitted, it shall be at request of the investor filed to the competent court of the Contracting Party in whose territory the investment was made, or filed for arbitration to the International Centre for Settlement of Investment Disputes(ICSID) established by the Convention on the Settlement of Investment Disputes between States and Nationals of Other States opened for signature at Washington on 18 March 1965.

(3) The award made by the competent court of the Contracting Party or by ICSID shall be final and binding on the parties to the dispute. Each Contracting Party shall ensure the recognition and enforcement of the award in accordance with its relevant laws and regulations.

Article 8. Settlement of Disputes between the Contracting Parties

(1) Disputes between the Contracting Parties concerning the interpretation or application of this Agreement shall, as far as possible, be settled through consultation or diplomatic channels.

(2) If the dispute cannot be so settled within six (6) months, it shall upon the request of either Contracting Party, be submitted to an Arbitral Tribunal in accordance with the provisions of this Article.

(3) The Arbitral Tribunal shall be constituted for each individual case in the following way. Within two(2) months of the receipt of the request of arbitration, each Contracting Party shall appoint one member of the tribunal. These two members shall then select a national of a third country, who on approval of the two Contracting Parties shall be appointed Chairman of the Tribunal (hereinafter referred to as the "Chairman"). The Chairman shall be appointed within three (3) months from the date of appointment of the other two members.

(4) If within the periods specified in paragraph (3) of this Article the necessary appointments have not been made, a request may be made to the President of the International Court of Justice to make the appointments. If he happens to be a national of either Contracting Party, or otherwise prevented from discharging the said function, the Vice-President shall be invited to make the appointments. If the Vice-President also happens to be a national of either Contracting Party or is prevented from discharging the said function, 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 appointments.

(5) The Arbitral Tribunal shall reach its decision by a majority of votes. Such decision shall be binding. Each Contracting Party shall bear the cost of its arbitrator and its representation in the arbitral proceedings; the cost of the Chairman and the remaining costs shall be borne in equal parts by both Contracting Parties. The Arbitral Tribunal shall determine its own procedure.

Article 9. Application of other Rules and Special Commitments

(1) Where a matter is governed simultaneously both by this Agreement and by another international agreement to which both Contracting Parties are parties, or by general principles of international law, nothing in this Agreement shall prevent either Contracting Party or any of its investors who own investments in the territory of the other Contracting Party from taking advantage of whichever rules are more favourable to his case.

(2) If the treatment to be accorded by one Contracting Party to investors of the other Contracting Party in accordance with its laws and regulations or other specific provisions or contracts is more favourable than that accorded by this Agreement, the more favourable treatment shall be accorded.

(3) Either Contracting Party shall observe any other obligation it may have entered into with regard to investments in its territory by investors of the other Contracting Party.

Article 10. Application of the Agreement

(1) The Agreement shall apply to all investments whether made before or after its entry into force.

(2) This Agreement shall not apply to disputes existing before its entry into force.

Article 11. Entry Into Force, Duration and Termination

(1) Each Contracting Party shall notify the other Contracting Party in writing of the completion of its legal requirements for the entry into force of this Agreement. This Agreement shall enter into force thirty (30) days after the date of the latter of the two notifications.

(2) This Agreement shall remain in force for a period of twenty (20) years and shall continue in force thereafter unless, one year before the expire of the initial or any subsequent periods, either Contracting Party notifies the other Contracting Party in writing of its intention to terminate this Agreement.

(3) In respect of investments made prior to the termination of this Agreement, the provisions of this Agreement shall continue to be effective for a period of twenty (20) years from the date of termination.

IN WITNESS WHEREOF, the undersigned, duly authorized thereto by their respective Governments, have signed this Agreement.

DONE in duplicate at Algiers on the 12th day of October 1999, in the Korean, Arabic and English languages, all texts being equally authentic. In case of any divergence of interpretation, the English text shall prevail.

FOR THE GOVERNMENT OF THE REPUBLIC OF KOREA

FOR THE GOVERNMENT OF THE DEMOCRATIC PEOPLE'S REPUBLIC OF ALGERIA