AGREEMENT BETWEEN THE GOVERNMENT OF THE REPUBLIC OF KOREA AND THE GOVERNMENT OF THE REPUBLIC OF TURKEY FOR THE RECIPROCAL PROMOTION AND PROTECTION OF INVESTMENTS

The Government of the Republic of Korea and the Government of the Republic of Turkey (hereinafter referred to as "the Contracting Parties");

Desiring to create favourable conditions for greater economic cooperation between them and in particular to encourage investments by nationals and companies of one Contracting Party in the territory of the other Contracting Party;

Recognizing that the reciprocal encouragement and protection under international agreement of such investments will be conducive to the stimulation of individual business initiative and will increase prosperity in both countries:

Have agreed as follows:

Article 1. Definitions

For the purpose of this Agreement

(1) "Investment" means every kind of asset and includes:

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

(b) Shares, stock and debentures of companies;

(c) Claims to money or to any performance under contract having a financial value;

(d) Copyrights, know-how, good-will and industrial property rights such as patent for inventions, trade marks, industrial designs and trade names;

(e) Any business concessions which have been or may be granted by the Contracting Parties in accordance with their respective laws, including concessions to search for, cultivate, extract or exploit natural resources;

(2) "Returns" means the amounts yielded by an investment and, in particular, includes profit, interest, capital gains, dividends, royalties or fees;

(3) "Nationals" means natural persons who are deemed to be nationals of one Contracting Party in accordance with its laws:

(4) "Companies" means any kind of juridical entity including corporations, partnerships or business associations, whether or not with limited liability and whether or not for pecuniary profit, incorporated in the territory of one Contracting Party in accordance with the laws and regulations of that Contracting Party.

(5) "Territory" means the territory over which that Contracting Party has sovereignty or jurisdiction.

(6) "Host State" means the country in whose territory the investment is made.

Article 2. Promotion and Protection of Investment

(1) Each Contracting Party shall encourage and create favourable conditions for nationals or companies of the other Contracting Party to invest, within the framework of the laws or regulations of the Host State, capital, technology and other forms of assets in its territory, through according fair and equitable treatment and ensuring protection and security for such investment in conformity with the provisions of this Agreement.

(2) Each Contracting Party shall duly honor all commitments made and obligations undertaken by it with regard to

investments of nationals or companies of the other Contracting Party.

Article 3. National Treatment

(1) Each Contracting Party shall accord to these investments or returns, once established, and associated activities, treatment not less favorable than that accorded in like situations to investments of its own nationals and companies or to investments of nationals and companies of any third country, whichever is the most favorable.

(2) Investments shall at all times be accorded fair and equitable treatment and shall enjoy full protection and security, in a manner consistent with international law. Neither Contracting Party shall in any way impair by arbitrary or discriminatory measures the management, operation, maintenance, use, enjoyment, acquisition, expansion, or disposal of investments.

Article 4. Most-favoured-nation Treatment

(1) Each Contracting Party shall accord in its territory to the investments or returns of nationals or companies of the other Contracting Party, treatment that is not less favourable than that which it accords to the investments or returns of nationals or companies of any third State.

(2) Each Contracting Party shall ensure that nationals or companies of the other Contracting Party are accorded treatment not less favourable than that which it accords to the nationals or companies of any third State in regard to the management, use, enjoyment or disposal of their investments including management and control over business activities.

Article 5. Repatriation of Investments and Returns

(1) Each Contracting Party shall ensure that the nationals or companies of the other Contracting Party are allowed freedom to the extent permitted by law and facilities in the matter of repatriation of capital and return on his or its investments subject to the right of the Host State to impose reasonable restrictions for temporary periods in accordance with its laws to meet exceptional financial and economic situations. The capital and return allowed to be repatriated shall include earnings accruing from or in relation to the investment as also the proceeds arising out of sale of the assets in the event of liquidation.

(2) Repatriation shall be permitted ordinarily to the country from which the investment originated and in the same currency in which the capital was originally invested or in any other currency agreed upon by the investor and the Host State at the rate of exchange applicable on the date of transfer unless otherwise agreed by the investor and the Host State.

Article 6. Nationalisation or Expropriation

(1) Investments of nationals or companies of either Contracting Party shall not be nationalised, expropriated or subjected to measures having effect equivalent to nationalisation or expropriation in the territory of the other Contracting Party except for a public purpose related to the internal needs of that Contracting Party and against prompt, adequate and effective compensation, provided that such measures are taken on a non-discriminatory basis and in accordance with law.

(2) Such compensation shall be computed on the basis of the current value established by official assessment at the time of expropriation, which amounts to the market value of the investment immediately prior to the point of time when the proposal for expropriation has become public knowledge.

Article 7. Compensation for Losses

Nationals or companies of one Contracting Party whose investments in the territory of the other Contracting Party suffer losses owing to war or other armed conflict, insurrection or similar events in the territory of the latter Contracting Party shall be accorded by the latter Contracting Party treatment not less favourable than that accorded to its own nationals or companies or to nationals or companies of any third State, whichever is the most favourable treatment, as regards any measures it adopts in relation to such losses.

Article 8. Exceptions

The provisions in this Agreement relative to the grant of treatment not less favourable than that accorded to the nationals or companies of either Contracting Party or of any third State shall not be construed so as to oblige one Contracting Party to extend to the nationals or companies of the other Contracting Party the benefit of any treatment, preference or privilege resulting from:

(a) Any existing or future customs union, free trade area, or common external tariff area or a monetary union or similar international agreement to which either of the Contracting Parties is or may become a party, or

(b) Any international agreement or arrangement relating wholly or mainly to taxation or any domestic legislation relating wholly or mainly to taxation.

Article 9. Access to Courts and Tribunals

The nationals or companies of one Contracting Party shall have the right to access to the courts, tribunals, both judicial and administrative, and other competent authorities under the laws of the other Contracting Party.

Article 10. Settlement of Investment Disputes

(1) For the purpose of this Article, an investment dispute is defined as a dispute involving (a) the interpretation or application of any investment authorization granted by one Contracting Party's foreign investment authority to the national or company of the other Contracting Party; or (b) a breach of any right conferred or created by this Agreement with respect to an investment.

(2) In the event of an investment dispute between a Contracting Party and an investor of the other Contracting Party, the parties to the dispute shall initially seek to resolve the dispute by consultations and negotiations in good faith. If such consultations or negotiations are unsuccessful, the dispute may be settled through the use of non-binding, third party procedures upon which such investor and the Contracting Party mutually agree. If the dispute cannot be resolved through the foregoing procedures the investor concerned may choose to submit the dispute to the International Centre for the Settlement of Investment Disputes ("Centre") for settlement by arbitration, at any time after one year from the date upon which the dispute arose provided that the investor concerned has brought the dispute before the courts of justice of the Contracting Party that is a party to the dispute and there has not been rendered a final award.

(3)

(a) Each Contracting Party hereby consents to the submission of an investment dispute to the Centre for settlement by arbitration.

(b) Arbitration of such disputes shall be done in accordance with the provisions of the Convention on the Settlement of Investment Disputes between States and Nationals of other States(1) and the "Arbitration Rules" of the Centre.

Article 11. Settlement of Disputes between Contracting Parties

(1) Disputes between the Contracting Parties concerning interpretation or application of this Agreement shall be settled through negotiations.

(2) If such disputes cannot thus be settled, they shall upon the request of either Contracting Party be submitted to an arbitral tribunal.

(3) An arbitral tribunal shall be composed of three members. Each Contracting Party shall nominate one member of the Tribunal within a period of two months of the receipt of request for arbitration. The third member, who shall be the Chairman of the Tribunal, shall be appointed by agreement of the Contracting Parties. If a Contracting Party has failed to nominate its arbitrator or where agreement has not been reached in regard to appointment of the Chairman of the Tribunal within a period of three months, either Contracting Party may approach the President of the International Court of Justice to make the appointment. The Chairman so appointed shall not be a national of either Contracting Party.

(4) Upon determination that the Contracting Party requesting arbitration has attempted to resolve the dispute through negotiation, the Arbitral Tribunal shall proceed to arbitrate the merits of the dispute.

(5) The Arbitral Tribunal shall reach its decision by majority of votes. Such decision shall be binding on both Contracting Parties. The Tribunal shall determine its own procedure and give directions in regard to the costs of the proceedings.

(6) This Article shall not be applicable to a dispute which has been submitted to and still before the Centre pursuant to Article 10.

Article 12. Subrogation

(1) If the investments of a national or company of one Contracting Party are insured against non-commercial risks under a

system established by law, any subrogation of the insurer into the rights of the said national or company pursuant to the terms of such insurance shall be recognised by the other Contracting Party.

(2) The insurer shall not be entitled to exercise any rights other than the rights which the investor would have been entitled to exercise.

(3) Disputes between a Contracting Party and an insurer shall be settled in accordance with the provisions of Article 10 of this Agreement.

Article 13. Application of the Agreement

The provisions of this Agreement shall apply to investments made after the coming into force of this Agreement and the investments previously made which are approved and registered by the Host State.

Article 14. Entry Into Force

This Agreement shall enter into force thirty (30) days after the date on which the Contracting Parties have informed each other in writing that the procedures constitutionally required thereto in their respective countries have been complied with.

Article 15. Duration and Termination

(1) This Agreement shall remain in force for a period of ten (10) years. Either Contracting Party may, by giving a year's notice to the other Contracting Party, terminate this Agreement at the end of the initial ten year period or at any time thereafter.

(2) In respect of investments made prior to the date of termination of the present Agreement its provisions shall continue to be effective for a further period of ten (10) years from the date of termination of the present Agreement.

In witness whereof, the undersigned, duly authorised by their respective Governments, have signed this Agreement.

Done in duplicate at Seoul on May 14, 1991 in the Korean, Turkish and English languages, all texts being equally authentic. In case of divergence of interpretation, the English text shall prevail.

For the Government of the Republic of Korea:

[LEE SANG-OCK]

For the Government of the Republic of Turkey:

[OLTAN SUNGURLU]