AGREEMENT

BETWEEN

THE GOVERNMENT OF THE REPUBLIC OF INDONESIA

AND

THE GOVERNMENT OF THE DEMOCRATIC PEOPLES

REPUBLIC OF KOREA

CONCERNING THE PROMOTION AND PROTECTION

OF INVESTMENTS

The Government of the Republic of Indonesia and the Government of the Democratic Peoples Republic of Korea, hereinafter referred to as "Contracting Parties";

Desiring to intensify economic cooperation to the mutual benefits of the both Countries;

Intending to create favourable conditions for investments by investors of one Contracting Party on the basis of sovereign equality and mutual benefit; and

Recognizing that the Agreement on the Promotion and Protection of such Investments will be conducive to the stimulation of investment activities in both countries;

Have agreed as follows:

Article I. Definitions

For the purpose of this Agreement:

1. The term "investments" shall mean any kind of asset invested by investors of one Contracting Party in the territory of the other Contracting Party, in conformity with the laws and regulations of the latter, including, but not exclusively:

a. movable and immovable property as well as other rights such as mortgages, privileges, liens, pledges and guarantees and any other similar rights;

b. rights derived from shares, bonds or any other form of interest in companies or joint venture in the territory of the other Contracting Party;

c. claims to money or to any performance having a financial value;

d. intellectual property rights, technical processes, goodwill and know-how;

e. business concessions conferred by law or under contract related to investment including concessions to search for or exploit natural resources.

Any alternation of the form in which assets are invested shall not affect their character as an investment, provided that such alternation has also been approved or admitted under Article II of this Agreement.

2. The term "investors" shall comprise with regard to either Contracting Party:

(i) natural persons having the nationality of that Contracting Party;

(ii) legal persons constituted under the law of that Contracting Party with a seat in its territory;

3. The term "without delay" shall be deemed to be fulfilled if a transfer is made within such period as is normally required by international financial practices.

4. The term "returns" means amounts yielded by an investment and includes in particular, though not exclusively, profits, dividends, interests, capital gains, royalties, or fees.

5. The term "territory" shall mean:

a. In respect of the Republic of Indonesia:

The territory of the Republic of Indonesia as defined in its laws.

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b. In respect of the Democratic Peoples Republic of Korea:

The territorial land and sea, the exclusive maritime zones and continental shelf of the Democratic Peoples Republic of Korea over which exercises its sovereign rights or jurisdiction in accordance with national law and international law.

Article II. Promotion and Protection of Investments

1. Either Contracting Party shall encourage and create favourable conditions for invetors of the other Contracting Party to invest in its territory, and shall admit such capital 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 adequate protection and security in the territory of the other Contracting Party.

Article III. Most-favoured-nation Provisions

1. Each Contracting Party shall ensure fair and equitable treatment of the investments of investors of the other Contracting Party and shall not impair, by unreasonable or discriminatory measures, the operation, management, maintenance, use, enjoyment or disposal thereof by those investors. Each Contracting Party shall accord to such investment adequate physical security and protection.

2. More particularly, each Contracting Party shall accord to such investments treatment which in any case shall not be less favourable than that accorded to investments of investors of any third state.

3. If a Contracting Party has accorded special advantages to investors of any third state by virtue of agreements establishing customs unions, economic unions, monetary unions or similar institutions, or on the basis of interim agreements leading to such unions of institutions, that Contracting Party shall not be obliged to accord such advantages to investors of the other Contracting Party.

Article IV. Expropriation

Each Contracting Party shall not take any measures of expropriation, nationalization or any other dispossession, having effect equivalent to nationalization or expropriation against the investments of an investors of the other Contracting Party except under the following conditions:

(a) the measures are taken for a lawful purpose or public interest and under due process of law;

(b) the measures are non discriminatory;

(c) the measures are accompanied by provisions for the payment of prompt, adequate and effective compensation. Such compensation shall amount to the fair market value without delay before the measure of dispossession became public knowledge. Such market value shall be determined in accordance with internationally acknowledged practices and methods

or, if such fair market value cannot be determined, it shall be such reasonable amount as may be mutually agreed between the Contracting Parties hereto, and it shall be freely transferable in freely usable currencies from the Contracting Party.

Article V. 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 in the territory of the latter Contracting Party, shall be accorded by the latter Contracting Party treatment, as regards restitutions, indemnification, compensation or other settlement.

2. The treatment shall not be less favourable than that which the latter

Contracting Party accords to its own investors or investors of any third state.

Article VI. Transfer

1. Either Contracting Party shall grant within the scope of its laws

And regulations in respect to investments by investors of the other

Contracting Party to those investors without delay, the transfer of:

a. Profits, interests, dividends and other current income;

b. Funds necessary

(i) for the acquisition of raw or auxiliary materials, semi fabricated or finished products, or

(ii) to replace capital assets in order to safeguard the continuity of an investment;

c. Additional funds necessary for the development of an investment;

d. Funds in repayment of loans;

e. Royalties or fees;

f. Earnings of natural persons;

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g. the proceeds of sale or liquidation of the investment;

h. compensation for losses;

i. compensation for expropriation.

2. Such transfer shall be made at the prevailing rate of exchange on the date of transfer with respect to current transaction in the currency to be transferred.

Article VII. Subrogation

(1) If either Contracting Party or its designated agency makes payment to one of its investors under any finacial guarantee against non-commercial risks it has granted in regard of an investment in the territory of the other Contracting Party, the latter shall recognize;

(a) the assignment, whether under the law or pursuant to a legal transaction, of any right to claim by the investor to the former Contracting Party or its designated agency and

(b) that the former Contracting Party, or its designated agency is entitled by virtue of subrogation to exercise the right and enforce the claims of that investor.

(2) The subrogated rights or claims shall not exceed the original rights or claims of the investor.

Article VIII. Settlement of Disputes between Investors and the Contracting Party

1. Any dispute between a Contracting Party and an investor of the other Contracting Party, concerning an investment of the latter in the territory of the former, be settled amicably through consultations and negotiations.

2. If such a dispute cannot be settled within a period of six months from the date of a written notification either Party requested amicable settlement, the dispute shall, at the request of the investor concerned, be submitted either to the judicial procedures provided by the Contracting Party concerned or to international arbitration or conciliation.

3. In case that the dispute is submitted to arbitration or conciliation the investor shall be entitled to refer the dispute to:

a. an ad hoc tribunal to be established under the arbitration rules of the United Nations Commissions on International Trade Law or;

b. International Centre for Settlement of Investment Disputes established pursuant to the Convention on the Settlement of Investment Disputes between States and Nationals of Other States opened for signature at Washington D.

C. on 18 March 1965 (ICSID Convention) in case both Parties have become parties to this Convention;

Article IX. Settlement of Disputes between the Contracting Parties Concerning Interpretation and Application of the Agreement

1. Disputes between the Contracting Parties concerning the interpretation or application of this Agreement should be settled, through diplomatic channels.

2. If both Contracting Parties cannot reach an agreement within six months after the beginning of the dispute between themselves, the latter shall, upon request of either Contracting Party, be submitted to an arbitral tribunal of three members.

3. Such an arbitral tribunal shall be constituted for each individual case in the following way:

a. within three months from receipt of the request for arbitration, each Contracting Party shall appoint one member of the tribunal selected from nationals of those countries with diplomatic relations with a Contracting Party. These two members then shall select a national of a third State that has diplomatic relations with both Contracting Parties, who on approval by the Contracting Parties shall be appointed within three months from the date of appointment of the other two members.

b. if within any of the periods specified in paragraph (3) (a) of this Article the necessary appointment has not been made; either Contracting Party may, in the absence of any other agreement, invite the President of the International Court of Justice to make any necessary appointments. If the President is a national of either Contracting Party or if he is otherwise prevented from carrying out the said function, the Vice-President shall be invited to make the necessary appointments. If the Vice-President is a national of either Contracting Party or if he, too, is prevented from carrying out the said function, the Member of International Court of Justice next in seniority that is not a national of either Contracting Party shall be invited to make the necessary appointments.

4. The arbitral tribunal shall apply the provisions of this Agreement, and the procedural standard called for by international law. It shall reach its decision by a majority of votes. The arbitral tribunal shall determine its own procedure. The decisions of the tribunal are final and binding upon each Contracting Party.

5. Each Contracting Party shall bear the cost of its own member of the tribunal and of its representation in the arbitral proceedings. The cost of the Chairman and the remaining costs shall be borne in equal parts by the Contracting Parties.

Article X. Applicability of this Agreement

1. This Agreement shall apply to all investments, including investments before the entry into force of this Agreement has been granted admission in accordance with the law No. 1 of 1967 concerning Foreign Investment and any law amending or replacing it, by the investors of the Democratic Peoples Republic of Korea in the territory of the Republic of Indonesia, and to investments by investors of the Republic of Indonesia in the territory of the Democratic Peoples Republic of Korea which also have been granted admission in accordance with laws and regulations of the Democratic Peoples Republic of Korea.

2. The provisions of this Agreement, however, shall not apply to any dispute, claim or difference which arose before its entry into force.

Article XI. Application of other Provisions

If the provisions of law of either Contracting Party or obligations under international law existing at present or established hereafter between the Contracting Parties in addition to the present Agreement contain a regulation, whether general or specific, entitling investments by investors of the other Contracting Party to a treatment more favourable than is provided for by the present Agreement, such regulation shall to the extent that it is more favourable prevail over the present Agreement.

Article XII. Consultation and Amendment

1. Either Contracting Party may request that consultations be held on any matter concerning this Agreement. The other Party shall accord sympathetic consideration to the proposal and shall afford adequate opportunity for such consultations.

2. This Agreement may be amended at any time, if deemed necessary, by mutual consent of both Contracting Parties.

Article XIII. Entry Into Force, Duration and Termination

1. The present Agreement shall enter into force thirty (30) days after the date of the latest notification by which Contracting Parties have notified each other that their constitutional requirements for the entry into force of this Agreement have been fulfilled.

2. This Agreement shall remain in force for a period of ten (10) years and shall continue in force thereafter for similar period unless either Contracting Party notifies the other Contracting Party in writing of its intention to terminate this Agreement one year before its expiration.

3. With respect to investments made prior to the date of termination of this Agreement, the provisions of this Agreement shall continue to be effective for a period of ten (10) years from the date termination.

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

DONE in duplicate at Jakarta on.. 1?AJf..... <3J..... Ry..... i.QQ.. in Indonesian, Korean and English languages. All texts are equally authentic. If there is any divergence concerning the interpretation, the English text shall prevail.

FOR THE GOVERNMENT OF THE REPUBLIC OF INDONESIA

FOR THE GOVERNMENT OF THE DEMOCRATIC PEOPLES REPUBLIC OF KOREA

Signed

Signed