AGREEMENT BETWEEN THE GOVERNMENT OF THE REPUBLIC OF KOREA AND THE GOVERNMENT OF THE HASHEMITE KINGDOM OF JORDAN FOR THE PROMOTION AND PROTECTION OF INVESTMENTS

The Government of the Republic of Korea and the Government of the Hashemite Kingdom of Jordan (hereinafter referred to as "the Contracting Parties"),

Desiring to create favorable conditions for greater economic cooperation between them and, in particular for investments by investors of one Contracting Party in the territory of the other Contracting Party, based on the principles of equality and mutual benefit,

Recognizing that the promotion and reciprocal protection of investments on the basis of this Agreement will be conducive to stimulating individual business initiative and will increase prosperity in both States,

Have agreed as follows:

Article 1. Definitions

For the purposes of this Agreement:

1. "investments" means every kind of assets or rights invested by investors of one Contracting Party in the territory of the other Contracting Party in accordance with the legislation of the latter Contracting Party and in particular, though not exclusively, includes:

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

(b) Shares in, stocks and debentures of, and any other form of participation in a company or any business enterprise and rights or interest derived therefrom;

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

(d) Intellectual property rights including though not limited to rights with respect to copyrights, patents, trademarks, trade names, industrial designs, technical processes, trade secrets, know-how and goodwill; and

(e) Business concessions conferred by law, by an administrative act or under a contract by a competent authority, including concessions to search for, develop, extract and exploit natural resources.

Any change of the form in which assets or rights are invested or reinvested shall not affect their character as an investment.

2. "returns" means the amounts yielded by investments and, in particular, though not exclusively, includes profit, interest, capital gains, dividends, royalties and all kinds of fees.

3. "investors" means any natural or juridical persons of one Contracting Party who invest in the territory of the other Contracting Party:

(a) The term "natural persons" means natural persons having the nationality of that Contracting Party in accordance with its legislation; and

(b) The term "juridical persons" means any entity such as companies, public institutions, authorities, foundations, partnerships, firms, establishments, organizations, corporations or associations, incorporated or constituted in accordance with the legislation of that Contracting Party.

4. "territory" means the territory of the Republic of Korea or the territory of the Hashemite Kingdom of Jordan respectively, as well as those maritime areas, including the seabed and subsoil adjacent to the outer limit of the territorial sea over which

the State concerned exercises, in accordance with international law, sovereign rights or jurisdiction for the purpose of exploration and exploitation of the natural resources of such areas.

5. "freely convertible currency" means the currency that is widely used to make payments for international transactions and widely exchanged in principal international exchange markets.

Article 2. Promotion and Protection of the Investments

1. Each Contracting Party shall encourage and 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 made by investors of each Contracting Party shall at all times be accorded fair and equitable treatment in accordance with international law and shall enjoy full protection and security in the territory of the other Contracting Party. Neither Contracting Party shall in any way impair by unreasonable or discriminatory measures the operation, development, expansion, management, maintenance, use, enjoyment or disposal of investments in its territory by investors of the other Contracting Party.

Article 3. Treatment of Investments

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 favorable than that which it accords to investments and returns of its own investors or to investments and returns of investors of any third State, whichever is more favorable to the investor concerned.

2. Each Contracting Party shall in its territory accord to investors of the other Contracting Party as regards the operation, management, maintenance, use, enjoyment or disposal of their investments, treatment which is fair and equitable and no less favorable than that which it accords to its own investors or to investors of any third State, whichever is more favorable to the investor concerned.

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 resulting from any international agreement or arrangement relating wholly or mainly to taxation or any existing or future customs union or economic union, free trade area or similar international agreement to which either Contracting Party is or may become a party in the future.

Article 4. Compensation for Losses

1. Investors of one Contracting Party whose investments suffer losses owing to war or other armed conflict, a state of national emergency, revolt, insurrection, riot or other similar situations in the territory of the other Contracting Party, shall be accorded by the latter Contracting Party, treatment, as regards restitution, indemnification, compensation or other forms of settlement, no less favorable than that which the latter Contracting Party accords to its own investors or to investors of any third State. Resulting payments shall be freely transferable without undue delay.

2. Without prejudice to paragraph 1 of this Article, investors of one Contracting Party who, in any of the situations referred to in that paragraph, suffer losses in the territory of the other Contracting Party resulting from:

(a) Requisitioning of their property by its forces or authorities; or

(b) Destruction of their property by its forces or authorities which was not caused in combat action or was not required by the necessity of the situation,

shall be accorded restitution or adequate compensation, which shall not be less favorable than that which would be accorded under the same circumstances to an investor of the latter Contracting Party or to an investor of any other State. Resulting payments shall be freely transferable without undue delay.

Article 5. Expropriation

1. Investments of investors of one Contracting Party shall not be nationalized, expropriated or otherwise subjected to any other measures having an effect equivalent to nationalization or expropriation (hereinafter referred to as "expropriation") in the territory of the other Contracting Party except for public purpose and against prompt, adequate and effective compensation. The expropriation shall be carried out on a non-discriminatory basis in accordance with due process of law.

2. Such compensation shall amount to the fair market value of the expropriated investments immediately before expropriation was taken or before impending expropriation became public knowledge, whichever is the earlier, shall include interest at the applicable commercial rate from the date of expropriation until the date of payment and shall be made without undue delay, be effectively realizable and be freely convertible and transferable. In both expropriation and compensation, treatment no less favorable than that which the Contracting Party accords to its own investors or to investors of any third State shall be accorded.

3. Investors of one Contracting Party affected by expropriation shall have a right to prompt review by a judicial or other competent and 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 this Article.

4. Where a Contracting Party expropriates the asset of a company which is incorporated or constituted under its legislation, and in which investors of the other Contracting Party own shares, debentures or other forms of participation, the provisions of this Article shall be applied.

Article 6. Transfers

1. Each Contracting Party shall guarantee to investors of the other Contracting Party the free transfer of all payments, into and out of its territory, relating to their investments and returns. Such transfers shall include, in particular, though not exclusively:

(a) The initial capital and additional amounts to maintain or increase an investment;

(b) Returns;

(c) Proceeds accruing from the sale or the total or partial liquidation of investments;

(d) Funds in repayment of loans related to investments;

(e) Earnings and other remuneration of nationals of the other Contracting Party who are allowed to work in connection with investments in its territory;

(f) Compensation pursuant to Articles 4, 5; and

(g) Payments arising out of the settlement of an investment dispute.

2. All transfers under this Agreement shall be made in a freely convertible currency without delay at the market exchange rate prevailing at the date of transfer.

Article 7. Subrogation

1. If one Contracting Party or its designated agency (for the purpose of this Article; the "First Contracting Party") makes a payment under an indemnity given in respect of an investment in the territory of the other Contracting Party (for the purpose of this Article; the "Second Contracting Party"), the Second Contracting Party shall recognize:

(a) The assignment to the First Contracting Party by law or by legal transaction of all the rights and claims of the party indemnified; and

(b) That the First Contracting Party is entitled to exercise such rights and enforce such claims by virtue of subrogation, to the same extent as the party indemnified, and shall assume the obligations related to the investment.

2. The First Contracting Party shall be entitled in all circumstances to:

(a) The same treatment in respect of the rights, claims and obligations acquired by it, by virtue of the assignment; and

(b) Any payments received in pursuance of those rights and claims.

As the party indemnified was entitled to receive by virtue of this Agreement, in respect of the investment concerned and its related returns.

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

1. Any dispute between a Contracting Party and an investor of the other Contracting Party including expropriation or

nationalization of investments shall, as far as possible, be settled by the parties to the dispute in an amicable way.

2. The local remedies under the legislation of one Contracting Party in the territory of which the investment has been made shall be available for investors of the other Contracting Party on the basis of treatment no less favorable than that accorded to investments of its own investors or investors of any third State, whichever is more favorable to investors.

3. If the dispute cannot be settled within six (6) months from the date on which the dispute has been raised by either party, it shall be submitted upon request of the investor, to the International Center for Settlement of Investment Disputes (ICSID) established by the Washington Convention of 18 March 1965 on the Settlement of Investment Disputes between States and Nationals of other States.

4. The award made 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 legislation.

Article 9. Settlement of Disputes between the Contracting Parties

1. Disputes between the Contracting Parties concerning the interpretation or application of this Agreement shall, if possible, be settled by consultation through diplomatic channels.

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

3. Such an Arbitral Tribunal shall be constituted for each individual case in the following way: Within two (2) months from the date of receipt of the request for arbitration, each Contracting Party shall appoint one member of the Tribunal. These two members shall then select a national of a third State, who on approval of the two Contracting Parties shall be appointed Chairperson of the Tribunal. The Chairperson shall be appointed within two (2) 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 by either Contracting Party to the President of the International Court of Justice to make such appointments. If the President is 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 is a national of either Contracting Party or 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 on both Contracting Parties.

6. Each Contracting Party shall bear the costs of its own arbitrator and its representation in the arbitral proceedings. The costs of the Chairperson and the remaining costs shall be borne in equal parts by both Contracting Parties. The Tribunal may, however, in its decision direct that a higher proportion of costs shall be borne by one of the two Contracting Parties.

7. The Arbitral Tribunal shall determine its own procedure.

Article 10. Application of other Rules

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 the more favorable to their case.

2. If the treatment to be accorded by one Contracting Party to investors of the other Contracting Party in accordance with its legislation is more favorable than that accorded by this Agreement, the more favorable treatment shall be accorded.

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

Article 11. Application of the Agreement

The Agreement shall apply to all investments, whether made before or after its entry into force, but shall not apply to any investment dispute that may have arisen before its entry into force.

Article 12. Entry Into Force, Duration and Termination

1. This Agreement shall enter into force thirty (30) days after the date of receipt of the latter notification through diplomatic channels by which either Contracting Party notifies the other Contracting Party that its internal legal 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 remain in force thereafter indefinitely unless either Contracting Party notifies the other Contracting Party in writing one (1) year in advance of its intention to terminate this Agreement.

3. In respect of investments made prior to the termination of this Agreement, the provisions of Article 1 to 11 of this Agreement shall remain in force for a further 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 Seoul, on the 24th day of July 2004, 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 HASHEMITE KINGDOM OF JORDAN