AGREEMENT BETWEEN THE TAIPEI ECONOMIC AND TRADE OFFICE AND THE INDONESIAN CHAMBER OF COMMERCE TO TAIPEI FOR THE PROMOTION AND PROTECTION OF INVESTMENTS

The Taipei Economic and Trade Office and the Indonesian Chamber of Commerce To Taipei hereinafter referred to as the "parties";

Desirous of strengthening trade relations between the parties;

Intending to create favourable conditions for greater business cooperation between them and in particular for investments by individuals and companies of one country in the other country;

Recognizing that the promotion and protection of such investments will be conducive to the stimulation of industrial business initiative and to foster prosperity in both countries;

Being duly authorized;

Have agreed as follows;

Article I. Definitions

For the purpose of this Agreement:

1. The term "investment" means any kind of asset invested by investors of one country in the other -country, 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, liens or pledges;

b. shares stocks and debentures of companies wherever incorporated or interest in the property of such companies;

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

d. intellectual property rights and goociwill; business concessions conferred by laws or under contract related to investment including concessions to search for, cultivate, extract or exploit natural resources.

2. "Investors" means any individuals or company of one country who effected or is effecting investments in the other country.

3. "Companies" means:

In Indonesia:

Any company with a limited liability incorporated in Indonesia or any juridical person constituted in accordance with its legislation.

In Taiwan:

Any company or other juridical person properly incorporated and constituted in Taiwan.

4. "Individuals" means physical persons who according to the law of each country are considered as citizens of each country.

5. "Returns of incomes" means the amounts yielded by an investment and in particular, though not exclusively, includes profit, interest, capital gains, dividends, royalties or fees.

Article II. Promotion and Protection of Investment

1. Either party shall in accordance with its laws and regulations encourage and create favourable conditions for individuals or companies of the other party to invest in its country.

2. Investment of individuals or companies of either Party shall at all time be accorded fair and equitable treatment and shall enjoy adequate protection in the country of the other party.

Article III. Scope of Agreement

This Agreement shall only apply to investment by investors of Taiwan in Indonesia which have been granted admission in accordance with the Foreign Capital Investment Law No.1 of 1967 and any law amending or replacing it at or after the entry into force of this Agreement.

This Agreement shall only apply to investments by investors of Indonesia in Taiwan which have been granted admission in accordance with the Statute for Investment by Foreign Nationals and the Statute for Technical Cooperation of Taiwan, and any relevant laws or regulations at or after the entry into force of this Agreement.

Article IV. Treatment

Both parties shall seek and obtain the approval of their respective authorities to the effect that all investments made by investors of any party shall enjoy fair and equitable treatment by the other party. This treatment shall be no less favourable than that granted to investors of any third country.

Article V. Repatriation of Investment

Both parties shall seek and obtain the approval of their respective authorities to the effect that individuals or companies of either party shall have the right of free transfer of their capital and of the returns from it, subject to the right of -each party in exceptional financial or economic circumstances to exercise equitably and in good faith powers conferred by its existing laws and regulations when this Agreement enters into force.

Article VI. Expropriation

1. Both parties shall seek and obtain the approval of their respective authorities to the effect that investments of individuals or companies of either 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 party except for a public purpose related to the internal needs of the expropriating party and against compensation. Such compensation shall amount to the market value of the investment expropriated immediately before the expropriation or impending expropriation became public knowledge, shall be made without undue delay, shall be effectively realizable and shall be freely transferable. Appropriate provision shall be made for the determination and payment of such compensation. The legality of any expropriation and the amount and method of payment of compensation shall be subject to review by due process of law.

2. Where a party expropriates the assets of a company which is incorporated or constituted under the law in force 1n any part of its territory, and in which individuals or companies of the other party own shares, it shall ensure that the provisions of paragraph (1 l of this Article are applied to the extent necessary to guarantee the compensation provided for in that paragraph to the owners of these shares.

Article VII. Compensation for Losses

Both parties shall seek and obtain the approval of their respective authorities to the effect that individuals or companies of either party who suffer losses in relation to approved investments owing to revolts, riots, armed conflicts or revolutions, in the territory of the other party, shall be accorded by this party, treatment no less favourable than that accorded to the individuals or companies of the latter party or of any third State, as regards restitutions, indemnifications, cpmpensation or other similar valuable consideration. Such payments shall be freely transferable.

Article VIII. Subrogation

1. Both parties shall seek and obtain the approval of their respective authorities to the effect that if either party makes payment under an indemnity it has given in respect of an investment or any part thereof in the territory of the other party the latter party shall recognize:

a. the assignment, whether under law or pursuant to a legal transaction of any right or claim from the party indemnified to the former party (or its designated agency) and;

b. that the former party (or its designated agency) is entitled by virtue of subrogation to exercise the rights and enforce the claims of such a party.

The former party (or its designated agency) shall accordingly if it so desires be entitled to assert any such right or claim to the same extent as its predecessor in title either before a court or tribunal in the territory of the latter party or in any other circumstances.

2. Both parties shall seek and obtain the approval of their respective authorities to the effect that if the former party acquires amounts in the lawful currency of the other party or credits thereof by assignment under the terms of an indemnity, the former party shall be accorded in respect thereof treatment not less favourable than that accorded to the funds of individuals or companies of the latter party or. of any third State deriving from investment activities similar to those in which the party indemnified was engaged. Such amounts and credits shall be freely available to the former party concerned for the purpose of meeting its expenditure in the territory of the other party.

Article IX. Settlement of Disputes between the Parties

Any dispute arising between the parties concerning the interpretation or application of this Agreement shall, as far as possible, be settled amicably through consultations.

Article X. Disputes Relating to the Investment

Any dispute between the investor and authority of one of the parties shall, as far as possible, be settled amicably through negotiations between the parties to the dispute, and failing which shall be referred to arbitration on such terms and conditions as the disputing parties may agree.

Article XI. Entry Into Force. Duration and Termination

1. This Agreement shall enter into force on the date of signature. It shall remain in force for a period of ten years and shall continue in force thereafter unless, after the expiry of the initial period of nine years, either party notifies in writing the party of its intention to terminate this Agreement. The notice of termination shall become effective one year after it has been received by the other party ..

2. In respect of investments made prior to the date when the notice of termination of this Agreement becomes effective, the provisions of this Agreement shall remain in force for a further period of ten years from that date.

DONE in Taipei in duplicate, this nineteenth day of December, 1990, in English language.

FOR THE TAIPEI ECONOMIC AND TRADE OFFICE

TZEN, WEN-HUA

REPRESENTATIVE

FOR-THE INDONESIAN CHAMBER OF COMMERCE TO TAIPEI

ALINOERRASJID

CHAIRMAN