

MEMORANDUM OF AGREEMENT

This Memorandum of Agreement is entered into by and between Overseas Construction Association of Korea ("OCAK") and Indonesian Contractors Association ("AKI") on this 20th day of July, 1981.

With the spirit of good cooperation that exists between the Government of the Republic of Korea and Government of the Republic of Indonesia reflected in the Memorandum of Understanding dated September 29, 1978;

OCAK and AKI agreed on June 28, 1981, to establish a joint program for the construction industry sector for the purpose of expanding market share through the utilization of a strategic and systematically staged development approach for the improvement of their construction potential and viability respectively.

OCAK and AKI shall, after an approval by both Government respectively, exert their best efforts to have their member companies undertake actions provided in this Memorandum of Agreement, which reads as follows:

Article 1.

The Korean Government shall make the necessary efforts to facilitate the Korean construction companies designated by OCAK, and Indonesian Government shall make the necessary efforts to facilitate the Indonesian construction companies designated by AKI, to enter into contracts in the form of joint undertaking of projects as preferred contractor in the bidding for Indonesian plant and major civil construction projects sponsored by the Indonesian Government and/or financed through international financing organizations as well as other external resources.

The ratio and type of participation in the joint operation shall be determined on the basis of a systematic analysis of the project design and development, and by identifying relevant subsystems in the construction as mutually agreed upon by the participating companies.



Article 2.

Following this agreement, OCAK and AKI will formulate the standing operation procedures for the implementation of joint operations between Korean and Indonesian construction companies, including the procedures to obtain necessary approval or cooperation from their respective Governments.

OCAK and AKI shall have an annual consultative meeting to review and evaluate the implementation of this Agreement to ensure mutual benefit of both parties.

Article 3.

OCAK shall make efforts to ensure that Korean construction company as outlined in article 1 to have an Indonesian company designated by AKI from among the members of P.T. Indonesian Consortium of Construction Industries (P.T.I.C.C.I.) as a joint operation partner in bids for the construction projects in the Middle East area and shall make efforts to provide Indonesian managers, engineers and technicians with on-the-job training opportunities in the Middle East area.

Article 4.

In regard to the training for managers, engineers, technicians, and skilled labourers, both parties shall agree to provide for the following arrangements as a reciprocal gesture to the Indonesian side for rendering the special arrangements provided in Article 1.

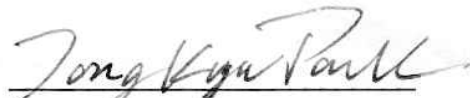
- A. The Korean side shall provide technical and vocational training for Indonesian labourers mainly on the basis of on-the-job training for five years. The number of persons to be trained each year shall be determined by mutual consultation. Any training that is required to be done in a special institution shall be held in Korea. For this special training, the Indonesian side shall bear the room, board, transportation and other expenses for the trainees, and the Korean side shall provide the teaching staff and facilities at its expense.



B. The Korean side shall provide a training program for Indonesian engineers and managers for five years in Korea. The number of persons to be trained each year shall be determined by mutual consultation before the commencement of each program year. For this training the Indonesian side shall bear the room, board, transportation and other expenses for the trainees, and the Korean side shall provide teaching staff and facilities at its expenses. The Korean side shall provide specialists requested by the Indonesian side for special training in Indonesia, for which the Indonesian side shall bear all cost and expenses for such specialists including room, board and transportation.



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