

# STUDY ON THE MAJOR ISSUES OF ISDS BETWEEN LONE STAR FUND AND THE REPUBLIC OF KOREA

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## ABSTRACT

*Recently, some hedge funds have raised ISDS against developed Asian countries. The U.S.-based private equity fund, Lone Star has filed an arbitration request against the South Korean government with the ICSID. Although South Korea has been known as one of the investor-friendly countries in Asia since the IMF financial crisis, many arbitration experts predict that the Korean government will compensate Lone Star for taxing it astronomically. This research emerged from the question: What happened between them in Korea? This article investigates the facts of what occurred in Korea and the relevant Korean law with regard to the issues raised by Lone Star. This article offers a standard for calculating taxation in the context of indirect expropriation and applies this standard to the “Lone Star Fund v. the Republic of Korea” case before the final decision.*

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**KEYWORDS:** *ISDS, ICSID, BIT, Banking Act, taxation, indirect expropriation, limited partnership, permanent establishment, Fair and Equitable Treatment, Commercial Law*