AGREEMENT BETWEEN THE GOVERNMENT OF THE ITALIAN REPUBLIC AND THE GOVERNMENT OF THE REPUBLIC OF VENEZUELA ON THE PROMOTION AND PROTECTION OF INVESTMENTS

The Government of the Italian Republic and the Government of the Republic of Venezuela, hereinafter referred to as the contracting parties;

In the desire to create favourable conditions for greater economic co-operation between them and in particular for investments of investors of one Contracting Party in the territory of the other contracting party;

Whereas the only way to establish and maintain an appropriate international flow of capital is through the maintenance of a good climate for investment in accordance with the laws of the host country;

Recognizing that the conclusion of an agreement for the reciprocal promotion and protection of such investments will stimulate business initiatives to promote the prosperity of both contracting parties;

Have agreed as follows:

Article 1. Definitions

For the purposes of this Agreement:

1. The term "investment" means, in accordance with the legal system of the host country and regardless of the chosen legal form or any other legal order, attachment or reinvested any input or invested in productive activity by a natural or legal persons of one Contracting Party in the territory of the other party, in accordance with the laws and regulations of the latter.

In this context, they are considered as investments in particular, though not exclusively:

a) Movable and immovable property as well as any other rights "in rem", including, as are available for investments, security rights over owned by third parties;

b) Shares, participations or other similar rights, even in the case of minority participation, or the other resources to which abroad foreign investors are entitled, in companies incorporated in the Territory of one of the Contracting Parties;

c) Obligations, private or public securities or any other right to benefits or services associated with an investment and having an economic value, as well as the profits capitalized;

d) Credit and loans directly related to an investment, processed through banking channels, regularly contracted and documented according to the rules in force in the country where the investment is made;

e) Copyrights, industrial and intellectual property rights, such as patents, licences; trademarks; secrets; models and industrial designs and also technical processes, transfers of know-how, trade names and goodwill;

f) Economic any right conferred by law or under any contract or licences and concession under existing provisions applicable to these economic activities, including the prospecting, cultivate, extract and exploit natural resources.

2. The term "investor" includes any natural or legal person of one Contracting Party or who has effected an investment in the territory of the other Contracting Party, or which has assumed obligations before its irrevocable investment in its territory.

a) "natural person" means with regard to either contracting party to any natural person having the citizenship of that State in accordance with its laws;

b) "legal person" means, in relation to each of the Contracting Parties, any entity constituted in accordance with the

legislation of one Contracting Party, having their domicile in that party and by the latter recognized, such as public entities involved in economic activity, societies or cooperatives, associations, foundations and irrespective of whether their liabilities are limited or not.

c) For the purposes of this Agreement, the legal acts and the capacity of any natural or legal person in the territory of the Contracting Party where the investment is made shall be governed by the legislation of the latter.

3. "Proceeds" includes profits obtained or produced from an investment in a manner consistent with the economic and financial situation of the same, including, in particular benefits, bonuses or derivatives of investments profits, interest, dividends, royalties, capital, compensation for technical assistance and facilities; and miscellaneous income and dividends, including reinvested capital increases.

4. The term designates "territory" in the areas covered by the Land and Maritime Boundary, also maritime areas, namely, marine and submarine areas over which the contracting parties have exercises sovereignty rights or sovereign jurisdiction, in accordance with their respective laws and international law.

Article 2. Promotion and Protection of Investments

1. Each Contracting Party shall promote investments in its territory by investors of the other Contracting Party and shall admit such investments in accordance with its legislation.

2. Each Contracting Party shall always agree to equitable and fair treatment of the investments of investors of the other. Each Contracting Party shall refrain from taking unjustified or discriminatory measures that affect the management, maintenance, enjoyment, transformation, cessation, or liquidation of investments made in its territory by investors of the other Contracting Party.

Article 3. National Treatment and Most-favoured Nation Clause

1. Each Contracting Party in its territory shall accord to investments by investors of the other Contracting Party, profits and activities associated with such investments and all other matters covered by this Agreement, treatment no less favourable than that accorded to its own investors or to investors of third countries.

2. The provisions of paragraph l of this article shall not apply to privileges and advantages which either Contracting Party accords to third countries or recognised by virtue of its participation in economic, a customs union or common market, a free trade areas or as a result of regional or subregional agreements, multilateral economic agreements or international agreements to avoid double taxation or other tax arrangements or agreements for facilitating trade frontier.

Article 4. Compensation for Damages

In the event that investors of either Contracting Party whose investments suffer losses in the territory of the other contracting party owing to war or other armed conflict, state of emergency or other similar events, the Contracting Party in whose territory the investment has been made regarding compensation shall be accorded treatment no less favourable than that accorded to its own nationals or juridical persons to investors or of any third State.

Article 5. Expropriation and Nationalization

1A). Each Contracting Party undertakes not to take any measures to limit in time limited or unlimited period to the right of ownership, possession, control or enjoyment with respect to investments made by investors of the other contracting party except specific provisions of laws, of judgments and decisions of competent courts of general non-discriminatory provisions and other measures to regulate economic activities.

1B). Investments of investors of one Contracting Party shall not be expropriated, nationalised, directly or indirectly, seized or subjected to measures having equivalent effects in the territory of the other party, unless the following conditions are met:

- Where the measures are taken in the public interest, or in the case of nationalization, for purposes of national interest;

- They shall be taken under due process of law;

- They are neither discriminatory nor contrary to a commitment;

- They are accompanied by provisions for the payment of prompt, effective and adequate compensation.

1C). Compensation shall be equivalent to the fair market value of the investment was immediately before the date on which the decisions of expropriate or nationalize announced or have been published and shall be assessed taking into account technical parameters internationally accepted.

In the event that the market value cannot be readily ascertained, the compensation shall be determined on the basis of a fair assessment of the constituent elements and marks of the enterprise, as well as the components and results of business activities involved.

The compensation shall include interest from the date of expropriation or nationalisation until the date of payment, according to the LIBOR rate.

If no agreement is reached between the investor and the Contracting Party that the measure, the determination of the compensation shall be conducted according to the dispute settlement procedures set out in article 8 of this Agreement.

The compensation, once established, shall be paid without delay in the currency in which the investment was made or in any freely convertible currency accepted by the investor and repatriation shall be permitted.

2. The provisions contained in paragraph l of this article shall also apply to the proceeds of an investment, and, in the event of liquidation, to the proceeds of the latter.

3. Investors of one Contracting Party whose investments in the territory of the other had been affected by any of the measures referred to in this article shall be entitled to a review by the appropriate judicial or administrative authorities of the Party that has taken steps to determine the validity of the same and compliance with the relevant rules and procedures.

Article 6. Transfer and Repatriation , Capital Gains , Remuneration and Indemnifications

1. Each of the Contracting Parties shall, within the framework of its laws and regulations, shall guarantee to investors of the other after payment of all fiscal obligations, free transfer abroad in the currency in which the investment was made or in any other convertible currency, without undue delay at the rate of exchange applicable on the date of transfer of:

a) Capital contributions of capital and additional capital increases used for the maintenance or development of the investments;

b) Profits, as defined in paragraph 3 of article 1 of this Agreement;

c) The amounts derived from the realisation of assets or the total or partial sale or liquidation of the investment, including capital gains or increases if the initial capital invested;

d) Claims and the amounts required for the repayment of loans, regularly contracted directly linked to investment, and documented according to the regulations in force in the host country and the corresponding interests;

e) Remuneration and compensation received by citizens of the other Contracting Party and from working relationship and services provided in connection with investments made in its territory according to the modalities provided for by the laws and regulations in force, as also offsets - Technical assistance and facilities;

f) The compensation paid pursuant to articles 4 and 5 of this Agreement.

2. The free transfer shall take place in accordance with the procedures established by each contracting party and in any case within six (6) months of the request.

Article 7. Subrogation

If a Contracting Party or any of its institutions had given a guarantee insurance against non-commercial risks for investments made by one of its investors in the territory of the other party, and had made payments according to the guarantee given by the contracting party or its subrogate institution shall be recognised in the same rights and in the position of credit insurance covered by the investor.

For payments and transfers to be made in favour of the Contracting Party or its institution under such subrogation shall apply articles 4, 5 and 6 of this Agreement, as appropriate.

Article 8. Settlement of Disputes between Investors and a Contracting Party

1. Any dispute related to investments which may arise between an investor of one Contracting Party and the other Contracting Party with respect to matters covered by this Agreement - shall, as far as possible, be settled amicably through consultations between the parties to the dispute.

2. If these consultations do not provide a solution, the dispute may be submitted to the competent judicial or administrative jurisdiction of the Contracting Party in whose territory the investment is located.

3. In the event that still exist a dispute between a Contracting Party and an investor after the expiry of a period of 18 months from the notification of commencement of proceedings before the national jurisdiction referred to in paragraph 2, the dispute may be submitted to international arbitration.

To this end, and - in accordance with this agreement, each contracting party hereby gives its advance and irrevocable consent to any dispute is submitted to international arbitration in accordance with the terms set out in this Agreement.

4. From the date of initiation of an arbitration, each Party to the dispute shall take the necessary measures in order to desist from the judicial authority.

5. In the event of recourse to international arbitration, the dispute shall be submitted, at the choice of the investor, to one of the arbitration bodies designated below;

a) The International Centre for Settlement of Investment Disputes established by the Convention on the Settlement of Investment Disputes between States and Nationals of Other States opened for signature at Washington on 18 March 1965, when each State Party to this Agreement has acceded. as long as this requirement is not met, each Contracting Party consents - that the dispute be submitted to arbitration under the Additional Facility Rules of ICSID.

b) An "ad hoc arbitral tribunal" established for each case. The arbitration shall be conducted in accordance with the Arbitration Rules of the United Nations Commission on International Trade Law (UNCITRAL) referred to in the of the UN General Assembly resolution 31 / 89 of 15 December 1976. The arbitrators shall be three. If they are not nationals of the Contracting Parties, shall be a national of a State having diplomatic relations with them.

The President of the Arbitration Institute of the Stockholm Chamber of the appointment of the arbitrators, if this is necessary in accordance with this regulation. The arbitral tribunal shall be Stockholm, unless otherwise agreed between the parties.

6. Neither Contracting Party which is a party to a dispute may pose, at any stage of the arbitration proceedings or of the execution of an arbitral award, exceptions based on the fact that the investor, opposing party in the dispute has received compensation to cover all or part of the incurred losses in pursuance of an insurance policy guarantee provided for in article 7 of this Agreement.

7. The arbitral tribunal shall decide on the basis of the Law of the Contracting Party to the dispute party including its rules on the Conflict of Laws, the provisions of this Agreement, the terms of any specific concluded agreements regarding the investment as well as the Principles of International Law.

8. The arbitral awards shall be final and binding for the parties in dispute, each Contracting Party undertakes to execute the decisions in accordance with the national legislation and according to the relevant international conventions in force for both contracting parties.

9. The Contracting Parties shall seek, through diplomatic channels, arguments relating to arbitration or judicial proceedings already in place until the relevant procedures have been concluded unless the parties to the dispute have not complied with the award of the arbitral tribunal or the judgment of the Court, according to the terms set out in compliance with the award or judgment.

Article 9. Settlement of Disputes between Contracting Parties

1. Disputes between the contracting parties concerning the interpretation and application of this agreement should, if possible, be settled through amicable consultations through diplomatic channels, including recourse to specific bilateral commissions already set up between both parties.

2. If such disputes cannot be settled within six (6) months of a written notification to the other, they shall, at the request of a party to an ad hoc arbitral tribunal in accordance with the provisions of the present article.

3. The arbitral tribunal shall be constituted in the following manner: within two months of the receipt of the request for arbitration, each party shall appoint one member of the Tribunal. those two members shall then select a national of a third

State who shall be the Chairman of the Chairman shall be appointed within two months from the date of appointment of the other two members.

4. If the periods specified in paragraph 3 above have not been: and in the absence of any other agreement, each Party may invite the President of the International Court of Justice to make the necessary appointments.

If the President is a national of a party or is otherwise prevented shall be made by the Vice-President of the Court to make the appointments.

If the Vice-President is a national of either party or if he is also prevented, the member of the Court next in order of precedence and is not a national of one of the Parties, to make the appointments.

5. The arbitral tribunal shall reach its decisions by a majority of votes. Such decisions shall be binding. Each Party shall bear the costs incurred in the exercise of its arbitrator, as well as the costs for its representation in the arbitral proceedings; the costs of the Chairman and the remaining costs shall be borne in equal parts by the two parties. The arbitral tribunal shall determine its own procedure.

Article 10. Implementation of other Rules

1. In the event that a matter is governed by this Agreement and by another international agreement to which both contracting parties, or by general international law shall apply to the same Contracting Party and its investors standards which are more favourable to his case.

2. In the event that a Contracting Party, on the basis of national laws, regulations, or commercial contracts to investors adopted specific provisions of the other contracting party standards more advantageous than those provided for by the present Agreement, be agreed at the same treatment is more favourable.

Article 11. Investments Made Before the Date of Entry Into Force of this Agreement

This Agreement shall also apply to investments made before its entry into force by investors of one Contracting Party in the territory of the other party and registered by the latter as foreign investment in accordance with its laws.

In any case shall not apply to disputes already undertaken or resolved prior to its Entry into Force and outstanding claims or arising before that date, nor by events which occurred prior to its entry into force or by the mere presence of such situations.

Article 12. Entry Into Force

This Agreement shall enter into force on the date of the last notification by which the Contracting Parties shall communicate have fulfilled their respective constitutional requirements.

Article 13. Duration and Termination

1. This Agreement shall remain in force for a period of ten (10) years from the date of notification procedures of article 12, and shall be automatically renewed for successive periods of five (5) years, unless are terminated by a written notice one year from the date of each of their respective maturity.

2. In respect of investments made prior to the date of termination of this article, the provisions of articles 1 to 12 shall continue in force for another five (5) years from the date mentioned above.

Done at Rome on June 1990 in two originals in the English and Italian languages, both texts being equally authentic.

For the Government of the Italian Republic

(signature)

For the Government of the Republic of Venezuela

(signature)

At the time of the conclusion of the Agreement between the Italian Republic and the Republic of Venezuela on the promotion and protection of investments, have also agreed in the following clauses, which form an integral part of this agreement

1. With reference to article 1:

a) The Agreement shall not invoke natural persons of either Contracting Party who, at the time of investment, are:

i) Nationals of both parties and with residency or which are situated in the territory of one of the Parties, and

ii) Nationals of either party and who have residency or situated in the territory of the other party.

b) The residence of an investor shall be determined in accordance with the laws, rules and regulations of the Contracting Party in whose territory the investment was made.

2. On reference to article 3:

a) Each Contracting Party shall according to its laws and regulations and more favourably possible problems relating to the entry, stay and work other transfers in its territory of nationals of the other contracting party and to their families, engaged in activities associated with investments under this Agreement.

b) Article 3 and paragraph 2 of article 10 of this Agreement shall be interpreted in such a way that the principles of the most-favoured-nation treatment and the implementation of the more favourable rules shall not extend to the privileges that individuals contracting parties could reciprocally reserve to investors of the other party to investments made within the framework of a concessional loans, where they had concluded agreements similar to the Treaty signed at Rome on 10 December 1987 establishing a particular relation partnership between the Italian Republic and the Argentine Republic.

3. With reference to article 10: in order to encourage mutual investment the Contracting Parties undertake to accord timely and useful improvements to the content of the specific provisions of this Agreement.

Done at Rome on the month of June, 1990 in two originals, Italian and Spanish languages, both texts being equally authentic.

For the Government of the Italian Republic

(signature)

For the Government of the Republic of Venezuela

(signature)