Agreement between the Italian Republic and the Bolivarian Republic of Venezuela on the promotion and protection investment

The Government of the Italian Republic and the Government of the Bolivarian Republic of Venezuela, hereinafter referred to as "Contracting Parties";

Desiring to create favorable conditions for greater economic cooperation between the two countries and, in particular, for the realization of investments by investors of one Contracting Party in the territory of the other Contracting Party;

Whereas the only way to establish and maintain an adequate international flow of capital is to ensure a suitable climate to investment in accordance with the laws of the receiving country ;

Recognizing that the conclusion of an Agreement for the Promotion and Mutual Protection of Investment will contribute to stimulate entrepreneurial initiatives which facilitate the prosperity of the two Contracting Parties,

They have agreed as follows:

Article I. Definitions

For the purposes of this Agreement:

1. "investment" means, according to the national law of the receiving Party and regardless of the legal form chosen or any other legal system connected, any contribution or assets invested or reinvested in an activity of production, by natural or legal persons of a Contracting Party in the territory of the other, in accordance with the laws and regulations of the latter. In this general context, are considered as investments specifically, although not in exclusively to:

a) movable and immovable property as well as all other rights "in rem" including - as employable for investment - guarantee real rights of property of third;

b) stocks, company shares, holdings and other similar rights - even in the case of minority participation - as well as funds from foreign investors abroad are entitled, in the territory of either Contracting Party;

c) bonds, government and private securities, or any other right for services or services related to investments that have an economic value, as well as capitalized income;

d) credits to loans directly related to an investment, made through banking channels, regularly employed and documented in accordance with provisions in the country where such investment is carried out;

e) copyrights, industrial or intellectual property, invention patents, licenses, trademarks, secrets, models of industrial designs, as well as technical procedures, transfers of technological know-how, registered names and goodwill;

f) any economic rights conferred by law or contract as well as any license or permit issued in compliance with the current provisions governing the exercise of its activities budget, including the prospect, extraction for the exploitation of natural resources.

2. The term "investor" means any natural or legal person from a Contracting Party which has made, or makes, investments in the territory of the other Contracting Party, or has taken, on behalf of the latter, an irrevocable obligation to make investments in its territory.

i. "Natural person" means, for each Contracting Party, a natural person who is a national of that Party, in compliance "with its laws";

ii. "legal person" means, with respect to each Contracting Party, any entity established under the law of the Contracting Party, with an address in the territory of that Party, recognized by the latter as Public entities which exercise economic activity, society of people or capital, cooperatives, foundations and associations, regardless of the fact that their

responsibility is limited or not;

iii. For the effects of this Agreement, the legal acts and capacity of each natural or legal person in the territory of the Contracting Party recipient of an investment will be governed by the the latter's legislation.

3. The term "income" means the amounts derived from or obtained from an investment consistent with the economic and financial situation of the latter, including in particular profits or the participation on these, interests derived from investments, property income, dividends, royalties, fees for technical assistance services of various entitlements, including reinvested income and increases of capital.

4. The term "territory" means, in addition to the zones contained within the land boundaries, the maritime zones. These include the undersea marine areas, on which the Contracting Parties have sovereignty, sovereign rights, or exercise jurisdiction in accordance with their respective legislation and to international law.

Article II. Promotion and Protection of Investments

1. Each Contracting Party will encourage the investors of the other Contracting Party to make investments in its territory and it will give authorizations in accordance with its laws.

2. Each Contracting Party will ensure always a fair and equitable treatment to the investments of the investors from the other party in accordance with the rules and principles of international law. Each of the Contracting Parties shall refrain from taking arbitrary measures or discriminatory criteria that give room to the management, maintenance, enjoyment, transformation, termination, and liquidation of investments made in its territory by investors of the other Contracting Party.

Article III. National Treatment and Most Favoured Nation Clause

1. Each Contracting Party shall, within its territory, accord to investments made by investors of the other Contracting Party, in relation to income and the related activities with the aforementioned investments as well as all other matters covered by this Agreement, treatment no less favorable than that granted to their own investors or investors of Third States.

2. The provisions of paragraph 1 of this Article shall not apply to advantages and privileges one Contracting Party will recognize or recognizes to third party countries due to its participation in the customs and economic unions, common market associations, free trade zones or the effects of agreements regional or sub-regional, multilateral economic agreements or effect of concluded agreements to avoid double taxation or other natural or direct tax agreements to promote trade border.

Article IV. Compensation for Damage or Loss

Where investors of one of the Contracting Parties incur losses, in their investments, in the territory of the other Contracting Party due to wars or other armed conflicts, states of emergency or other similar events, the Contracting Party in the territory of which was carried out the investment will offer, as regards the compensation, treatment no less favorable to which granted to its own citizens, legal persons or the investors of a third country.

Article V. Nationalization and Expropriation

1. a) Investments of investors of a Contracting Party will not be, in the territory, directly or indirectly, temporary or permanent, nationalized, expropriated, requisitioned or subjected to measures having similar effects unless the following conditions are met:

i. Such measures have been adopted for reasons of public utility, or, in the case of nationalization, for national interest purposes;

ii. these have been adopted in accordance with the procedures provided by the law;

iii. these are not discriminatory or contrary to a different commitment;

iv. They are accompanied by provisions requiring the payment of an adequate, effective and immediate compensation.

b) The fair compensation will be equivalent to the actual value of the investment immediately before the time when the decisions of nationalization or expropriation have been announced and will be determined on the basis of technical parameters internationally accepted. If the market value cannot be promptly ascertained, compensation will be determined on the basis of a fair evaluation of the constituent elements and distinctive business as well as the components of the

results of related business activities. The compensation will include the interest earned on the payment date, calculated at the LIBOR rate, and starting from the date of nationalization or expropriation. The compensation, once determined, will be promptly paid in the currency in which the investment was made or at a freely convertible currency accepted by the investor and the repatriation will be authorized.

2. The provisions of paragraph 1 of this Article also apply to the income from an investment as well as, in the event of liquidation, to the proceeds from the latter.

3. Investors of one Contracting Party whose investments in the territory of the measures have been affected under this Article, will be entitled to a review of such measures by the competent judicial authorities or administrative authorities of the Contracting Party which had adopted them and, in order to verify the validity as well as the correspondence with any relevant standard or code of procedure.

Article VI. Transfer and Repatriation of Capital, Proceeds, Retributions and Compensations

1. Each of the Contracting Parties, in the context of its own laws and regulations, will guarantee to the investors of the other, after the fulfilment, to the investors themselves, of any tax requirement, the free transfer abroad, in the currency in which the investment was made or in any other convertible currency, without undue delay and at the exchange rate applicable on the date of transfers, of:

a) capital, additional portions of capital and capital gains used for the maintenance and development of investments;

b) income as defined in paragraph 3 of Article I of this Agreement;

c) the amounts resulting from the implementation of budget activities or from the total or partial sale or liquidation of an investment, including any capital gains and increases in initial investment;

d) amounts receivable allocated to reimburse the regular loans employed, directly connected with investments, and documented in accordance with provisions in the receiving country as well as sums for the payment of interest on;

e) fees and compensations paid to nationals of the other Contracting Party which are the result of the company, resulting from work employment or by supplies in the realization of investments made in their territory according to the procedures laid down by national regulations, such as fees for technical assistance services;

f) compensation paid pursuant to Articles IV and V of this Agreement.

2. The free transfer will have place in accordance with the correlative procedures established by each Contracting Party and, in either case, within six months of the request.

Article VII. Subrogation

In the event that a Contracting Party - or its institutions - has accepted an insurance guarantee against non-commercial risks for investments made by an investor in the territory of the other Contracting Party and has made payments on the basis of the guarantee granted, that Contracting Party - or its Institution - will be recognized as a surrogate by law in the same position of the secured investor. For payments and transfers, carried out for the benefit of the Contracting Party, or its institution by virtue of this subrogation, Articles IV, V, and VI of this Agreement will be respectively applied.

Article VIII. Settlement of Disputes between Investors and Contracting Parties

1. Any dispute between a Contracting Party and an investor regarding the fulfillment of the provisions of this Agreement, in relation to the investment mentioned in the territory of that, including any disputes about the amount of compensation in case of nationalization, expropriation, requisition or measures having a similar effect, will be, as far as possible, settled by means of friendly consultations between the Parties in dispute.

2. If these consultations do not enable a solution within six months following the date of the written request of composition sent, the dispute could be subjected to investor's choice:

a) to the ordinary or administrative courts of the Contracting Party in whose territory the investment was made;

b) the International Centre for Dispute Resolution Related to Investments (I.C.S.I.D), established by the "Convention on the Settlement of Investment Disputes between States and Nationals of Other States", opened for signature in Washington on

March 18, 1965, when the two Contracting Parties have acceded to it, or, where appropriate, to the Regulation on additional "mechanisms" for conciliation and arbitration of the International Centre for the Settlement of Disputes related to Investments.

c) in the event that, for any reason, I.C.S.I.D. or the Additional mechanisms were not available, the investor could submit the dispute to an "ad hoc" arbitral tribunal, in compliance with the Rules of Arbitration of the Commission of the United Nations on International Trade Law following this specific mode:

The arbitrators will be three in number, and, if they are not citizens of the Contracting Parties they must be nationals of countries that have diplomatic relations with both Contracting Parties. In case of appeal to the U.N.C.I.T.R.A.L. rules, the President of the Institute of Arbitration of the Chamber of Commerce of Stockholm will be in charge, where necessary, of the appointment of the arbitrators. The arbitration will take place in Stockholm unless otherwise agreed between the Parties.

3. Neither of the Contracting Parties, which is a party to a dispute, could submit neither in a phase of the arbitration procedure nor in the execution of the arbitration award, exceptions based on the fact that an investor opposing party has, due to the effect of an insurance policy or guarantee provided for in Article VII of this Agreement, received compensation to cover all or part of their losses.

4. The Arbitral Tribunal will establish whether the Contracting Party has failed to comply with this Agreement and, in case it determines that there has been a failure to comply with its obligations to investors it will set the amount of compensation by match.

5. In rendering its decision the Arbitral Tribunal will apply, in addition to the provisions of this Agreement and the laws of the country in which the investment was made, also the principles of international law governing them.

6. The ruling of the Arbitral Tribunal will be final and binding to the parties to the dispute. Each Contracting Party undertakes to run in compliance with their national legislation and to International Conventions in force relating to both Contracting Parties; not to change the amount of compensation established in the arbitration award and to pay interest, which will be calculated in accordance with the terms provided for in this Agreement taking into account the period between the issuance of the award to the date of actual payment.

7. The Contracting Parties shall refrain from treating through diplomatic channels relevant topics to arbitration or judicial proceedings already in progress, until the procedures have been completed and the parties to the dispute have failed to comply with the ruling the arbitral tribunal or to the competent court judgment inside, under the terms of performance established in the award or the same judgment.

Article IX. Settlement of Disputes between the Contracting Parties

1. Disputes between the Contracting Parties concerning the interpretation or the application of this Agreement shall, as far as possible, be settled through friendly consultation through diplomatic missions, including the use of specific bilateral committees already established between the same parties.

2. If such disputes can not be settled within six months, starting from the date on which either Contracting Party has made a written request to the other Party, they will be submitted, at the initiative of either Party, by an tribunal arbitration "ad hoc", in accordance with the provisions of this Article.

3. The arbitration tribunal shall be constituted as follows: within two months from the date of receipt of the request for arbitration, each Party shall appoint a member of the Court. These two States will then select a national of a third country party who will assume as President. President will be appointed within two months from the appointment of the two aforementioned members.

4. If the time limits specified in paragraph 3 above were not observed, in the absence of another agreement, each Party could invite the President of the International Court of Justice to make the necessary appointments. If they are nationals of a Contracting Party or for any other reason he cannot take the job, a request will be made to the Vice President of the Court. Where then the Vice President is a citizen of either Contracting Party or for any other reason is not able to accept, the member of the International Court of Justice who follows him immediately in order of precedence and that is not a national of a the two Parties will be invited.

5. The arbitral tribunal will decide by a majority of votes and its decisions will be binding. Each of the Contracting Parties will support the costs of its arbitrator for their Participation in the refered proceedings. The cost of the chairman and the remaining costs shall be borne by either Party, to an equal extent. The arbitration tribunal will establish its own rules.

Article X. Application of Miscellaneous Provisions

1. Where a matter is governed both by this Agreement and by another International Agreement to which the two Contracting Parties are parties or is otherwise governed by the rules of International general law, the more favourable provisions will be applied to the Contracting Parties themselves and their investors to their case.

2. If a Contracting Party to the effect of laws, regulations, provisions or specific commercial contracts adopted for the investors a more advantageous legislation of that under this Agreement, the more favorable treatment will be the granted .

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

This Agreement will be applied to the investments carried out, before its entry into force, by investors of one Contracting Party in the territory of the other, and registered as foreign investment in conformity to its legal provisions.

In any case, it will not apply to disputes already started or settled before its entry into force, nor to pending claims or arising before that date. Furthermore, it will not apply to events that took place prior to the entry into force, or in the cases of subsistence, at that date, of pre-existing situations.

Article XII. Entry Into Force

This Agreement shall enter 'into force on the date of receipt the last notification by which the Contracting Parties have notified the completion of their constitutional procedures.

Article XIII. Duration and Expiration

1. This Agreement shall remain in force for ten years and will extend tacitly for successive periods of five years unless that one of the two Contracting Parties do not have sued for writing. The complaint will have effect six months after the date of its notification.

2. In respect of investments made prior to the expiry dates of referred to in this Article, the provisions of Articles I to XI will remain in force for a further five years from the dates of termination.

IN WITNESS WHEREOF the undersigned, being duly authorized by their respective Governments, they have signed this Agreement.

Done in Caracas February 14, 2001, in duplicate, each in Spanish and Italian languages, both texts being equally authentic.

FOR THE GOVERNMENT OF BOLIVARIAN REPUBLIC OF VENEZUELA

FOR THE GOVERNMENT OF THE ITALIAN REPUBLIC

Additional protocol to the agreement between the italian republic to the bolivarian republic of venezuela on the promotion and protection of investment

At the time of signing the Agreement between the Italian Republic to the Bolivarian Republic of Venezuela on the Promotion and Protection of Investment, were also agreed on the following clauses, to be considered an integral part of that Agreement:

1. With Reference to Article Iii:

a) Each Contracting Party shall regulate, according to its laws and its regulations and as far as possible, the problems related to the entry, stay, work and the movements within its territory of the citizens of the other Contracting Party, and their family, which are the result of the company carrying out activities related to investments by virtue of this Agreement.

b) Article III as well as paragraph 2 of Article X of this Agreement must be interpreted as meaning that the principles of treatment of more favored nation and application of more favorable rules do not extend to special privileges that

Contracting Parties may mutually be reserved for the other investors for investments made as part of a subsidized credit, if among them was an agreement analogous to the Treaty signed in Rome December 10, 1987 and establishing Membership of a Special Relationship between the Italian Republic and the Republic of Argentina.

2. With Reference to Article X:

In order to promote mutual investments, the Contracting Parties intend to agree on useful and desirable improvements content of individual provisions of this Agreement.

IN WITNESS WHEREOF the undersigned, being duly authorized by their respective Governments, they have signed this Agreement.

Done in Caracas February 14, 2001, in duplicate, each in Spanish to Italian languages, both texts being equally authentic.

FOR THE GOVERNMENT OF BOLIVARIAN REPUBLIC OF VENEZUELA

FOR THE GOVERNMENT OF THE ITALIAN REPUBLIC