

AGREEMENT ON THE PROMOTION AND RECIPROCAL INVESTMENT PROTECTION BETWEEN THE GOVERNMENT OF THE BOLIVARIAN REPUBLIC OF VENEZUELA AND THE GOVERNMENT OF THE ISLAMIC REPUBLIC OF IRAN.

The Government of the Bolivarian Republic of Venezuela and the Government of the Islamic Republic of Iran referred to hereinafter as the "contracting parties".

Desiring to intensify economic cooperation to the benefit of both States;

For the purpose of economic benefit from their potential resources and facilities as well as to promote, maintain and create favourable conditions for investments by nationals of either Contracting Party in the territory of the other party, and;

Recognizing the need to protect investments of nationals of either Contracting Party in the territory of the other party,

Have agreed as follows:

Article 1. Definitions

For the purposes of this Agreement, the meaning of the terms used shall:

1. The term "investment" refers to every kind of property, including the following, or the invested by investors of one Contracting Party in the territory of the other contracting party, in accordance with the laws and regulations of the other Contracting Party, hereinafter the "host contracting party".

Movable and immovable property as well as rights related thereto;

Shares or any kind of participation in companies;

Titles, values and/or any other instrument of financial value;

Intellectual property rights, such as copyrights, patents, utility models, industrial designs and models or names, trademarks, know-how and goodwill;

The rights granted by the domestic legislation of the host contracting party.

2. The term investor refers to the following persons who within the framework of this Agreement to invest in the territory of the other Contracting Party: natural persons who according to the laws of either Contracting Party, are considered to be its nationals and does not possess the nationality of the host contracting party. legal persons of either Contracting Party, established pursuant to the laws of that Contracting Party and the administrative centre or their real economic activities are located in the territory of that Contracting Party. natural persons who according to the laws of either Contracting Party, are considered to be its nationals and does not possess the nationality of the host contracting party. legal persons of either Contracting Party, established pursuant to the laws of that Contracting Party and the administrative centre or their real economic activities are located in the territory of that Contracting Party.

3. The term "profit" refers to amounts legally acquired through an investment, including the value obtained by investments, dividends, royalties and fees.

4. The term "territory" refers to the areas under the sovereignty or jurisdiction of each of the Contracting Parties, including its maritime areas.

5. The term admission refers to the adoption of foreign investment in the territory of either of the Contracting Parties.

Article 2. Investment Promotion

1. Either Contracting Party shall encourage its nationals to invest in the territory of the other contracting party.
2. Either of the Contracting Parties shall within the framework of its laws and regulations; encourage favourable conditions for attraction of investments of nationals of the other contracting party in its territory.

Article 3. Admitted Investments

1. Either Contracting Party shall admit investments in its territory, within the framework of its laws and regulations. In the case of the Islamic Republic of Iran, investments shall be adopted by the Organization for Investment, Economic and Technical Assistance of Iran (o.i.e.a.t.i.) or to replace the Agency.
2. Where the investment is admitted, either of the Contracting Parties shall grant; after fulfilment of the legal requirements, all necessary permits for the realization of such an investment.

Article 4. Protection of Investments

1. Investments of investors of either Contracting Party effected within the territory of the other Contracting Party, shall be accorded by the host contracting party full legal protection and fair treatment not less favourable than that accorded to its domestic investors to investors or of any third State, either that is more favourable to the investor.
2. If a Contracting Party has accorded will agree to investors or of any third State by virtue of an agreement establishing a free trade area, customs union or common market, by virtue of an agreement for the avoidance of double taxation, it shall not be obliged to accord such advantages to investors of the other contracting party.

Article 5. More Favourable Terms

Notwithstanding the provisions of this Agreement shall apply, the most favourable conditions agreed by any of the Contracting Parties and an investor of the other contracting party.

Article 6. Expropriation and Compensation

1. Investments of investors of either Contracting Party shall not be confiscated, nationalised, expropriated or subjected to similar measures by the other contracting party unless the measures are taken in the public interest and under due process of law without discrimination and through prompt and adequate compensation.
2. The amount of compensation shall be equivalent to the market value of the investment immediately before the measures of expropriation, nationalization or expropriation become public knowledge.

Article 7. Losses

Investors of either Contracting Party whose investments would suffer losses owing to war or any other armed conflict, insurrection, civil disturbance or any other similar, state of emergency in the territory of the other Contracting Party, shall be accorded treatment no less favourable than that accorded to its own investors of any third State.

Article 8. Returns and Transfer of Capital

1. Each Contracting Party shall permit in good faith and in accordance with its laws and regulations, transfers related to investments under this Agreement, freely and without delay into and out of its territory, in particular, though not exclusively:
 - (a) Benefits;
 - (b) Amounts derived from the sale and / or liquidation of all or part of the investment;
 - (c) Royalties and fees related to transfer of technology;
 - (d) Sums paid pursuant to articles 6 and 7 of this Agreement;
 - (e) Loans related to investment, provided that such payments are made in the proceeds from investment activities;
 - (f) Monthly salaries and wages received by the employees of an investor who have been authorised to work in the territory

of the Contracting Party receiving such investment;

(g) Amounts paid by decision of the Authority referred to in article 11.

2. Such transfers shall be made in convertible currency and exchange pursuant to the regulations in force based on existing at the date of transfer.

3. The investor and host the Contracting Party may agree another mechanism for the return and / or transfer under this article.

Article 9. Subrogation

If a Contracting Party or its designated agency under a legal system, to subprogramme an investor by virtue of a payment made under an insurance or guarantee against non-commercial risks:

(a) Such subrogation shall be recognized by the other contracting party;

(b) The rights of subrogation shall not different from which the investor might exercise;

(c) Disputes between the subrogation and the host Contracting Party shall be settled in accordance with article 11 of this Agreement.

Article 10. Commitments

Each Contracting Party shall guarantee the fulfilment of the commitments it has assumed with regard to investments under this Agreement.

Article 11. Settlement of Disputes between One Contracting Party and Investors of the other Contracting Party

1. In the event that there is any dispute concerning an investment between the host contracting party and the investor (s) of the other contracting party in connection with an investment, the host contracting party and the investor (s) initially seek to resolve the dispute in an amicable manner through negotiation and consultation.

2. In the case of the host contracting party and the investor (s) cannot agree, within a period of six months from the date of notification of the claim by one party to the other, the investor concerned may refer the dispute to the competent courts of the host contracting party, or to:

a. An ad hoc arbitration tribunal to be established under the UNCITRAL Rules; or

b. International Court of Arbitration of the Paris International Chamber of Commerce (ICC), or

c. The International Centre for the Settlement of Investment Disputes, if both parties are members of this Convention.

3. It may be referred to arbitration by any dispute that has been raised before the ordinary courts of the Contracting Party where the investment or that has been determined by the same previously through a final judgement.

4. The applicable law shall be the provisions of this Agreement and the general principles of international law.

5. The Contracting Party which is a party to the dispute shall comply with the ruling of the Court.

Article 12. Settlement of Disputes between the Contracting Parties

1. All disputes arising between the contracting parties concerning the interpretation or implementation of this Agreement, in principle, shall be settled amicably through consultations. In the event that there is no agreement, either Contracting Party may, in a period of six months from the date of notification of the claim by one party to the other, after sending a notice to the other party, bring the matter to an arbitral tribunal composed of three arbitrators, of whom two shall be elected by the contracting parties and a third party.

2. To submit the case to an arbitral tribunal, either Contracting Party may designate even arbitrator within a period of 60 days from the date of receipt of the notification; and the arbitrators so elected by the Contracting Parties shall elect the chief judge within a period of 60 days from the date of the appointment of the Umpire last. In the event either party fails to appoint an arbitrator within the time period established or in the event that arbitrators selected cannot reach an agreement

about the choice of the chief judge within the said period, either Contracting Party may request the President of the International Court of Justice to designate, as appropriate, the arbitrator of the Party that has not done so, or the third arbitrator.

3. In any case, the third arbitrator shall be a national of a State which has diplomatic relations with both contracting parties, on 14.

4. In cases where the third arbitrator shall be appointed by the President of the International Court of Justice it, the President of the International Court of Justice is prevented from exercising this function or if he is a national of either Contracting Party, the appointment shall be made by the Vice-President of the International Court of Justice, and if the Vice-President is also prevented from exercising the said function or is a national of either Contracting Party, the appointment shall be made by the member of the Tribunal, more who is not a national of either of the Contracting Parties.

5. Unless the contracting parties agree otherwise and subject to the provisions agreed by the arbitral tribunal shall determine its procedure and the place of arbitration. Each Contracting Party shall bear the costs of its own arbitrator and its participation in the arbitral proceedings. The expenses of the third arbitrator and the remaining costs shall be in equal parts by the contracting parties unless the arbitral tribunal decides otherwise.

6. Decisions of the arbitral tribunal shall be binding on both contracting parties.

Article 13. Validity of the Agreement

1. This Agreement shall apply to all investments under this agreement, made before or after its entry into force. However, the provisions of this Agreement shall not apply to investment disputes arising before its entry into force.

2. This Agreement shall be approved / ratified by the competent authorities of each Contracting Party in accordance with its laws and regulations.

3. This Agreement shall enter into force for a period of ten years, 30 days after the date of the last notification of either of the Contracting Parties to the other Contracting Party through which report on the fulfilment of the necessary steps, in accordance with its laws and regulations for the entry into force of this Agreement. After the said period, this Agreement shall remain in force unless either contracting party notifies in writing the other contracting party of its wish to denounce the agreement, six months before the expiration or termination thereof. Denunciation shall take effect six months after the date of notification.

4. Once the period of the validity or termination of this Agreement, the provisions therein shall be applied for a further period of ten years for investments made on the basis of the present Agreement.

1. This agreement has been drawn up in two copies in Spanish, Farsi and English languages, all texts being equally authentic. In case of difference in the texts, the English text shall prevail.

2. Signed in Caracas on 11 March 2005, corresponding to 21 Esfand 1383, by representatives of the Governments of the Bolivarian Republic of Venezuela and the Islamic Republic of Iran.