FRAMEWORK AGREEMENT ON ECONOMIC, INDUSTRIAL, INFRASTRUCTURE, AND DEVELOPMENT COOPERATION BETWEEN THE GOVERNMENT OF THE ITALIAN REPUBLIC AND THE GOVERNMENT OF THE BOLIVARIAN REPUBLIC OF VENEZUELA

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

Desiring to strengthen and deepen the traditional relations between the two countries, and aware of their mutual interest in promoting cooperation in the fields of the economy, infrastructure, and industry;

Considering that the goal of economic development must be pursued in a sustainable manner, bearing in mind the need to ensure the rational use of natural resources for the benefit of future generations, and further considering that sustainable development implies compatibility between and environmental preservation, in accordance with the commitments undertaken in Agenda 21 (Rio de Janeiro Conference of 1992);

Convinced that the bonds of solidarity and friendship existing between the two countries can be strengthened through economic cooperation in the sectors of infrastructure, industry, and development;

Considering the need to increase collaboration in economic matters in the sectors of infrastructure, industry, and development cooperation with the aim of intensifying economic exchanges and bilateral financial flows;

Have agreed as follows:

Part One. Purpose of Bilateral Cooperation

Article I.

The Parties shall endeavor to stimulate economic cooperation in the infrastructure, industrial, and development sectors between the two countries, through the intensification—both bilaterally and multilaterally—of cooperation in high technologies geared toward applications in the industrial, infrastructure, and services sectors, the development of natural resources, and the inflow of investments into their respective territories, with the aim of promoting complementarity between public and private entities and enterprises of the two countries in order to strengthen economic and trade relations.

Article II.

This Framework Agreement may be implemented through the signing, by both Parties, of specific joint programs and projects in the distinct areas of cooperation provided for herein.

Article III.

The cooperation provided for in this Agreement shall favor, in particular, the small and medium-sized enterprise sector, either directly or through infrastructure projects, given the significant contribution these enterprises make to the economic and social development of both Parties.

Article IV.

In order to ensure the achievement of the objectives of this Agreement and to enhance economic cooperation in the infrastructure and industrial sectors, the Parties undertake to encourage the establishment, in both countries, of joint ventures, supporting them through financial and technological assistance and other means at their disposal, in accordance with their respective laws.

Article V.

The Parties shall also ensure, in accordance with their respective applicable laws on the matter, a legal and economic framework in which their respective public and private investments may enjoy fair and impartial treatment.

Article VI.

The Parties shall give priority to initiatives related to cooperation for the implementation of national programs dedicated to the rational use of their respective natural resources, environmental protection, and the conservation of their respective ecosystems, including through incentives for the exchange of non-polluting technologies and technologies specifically designed for environmental protection.

Part Two. Measures to Promote Cooperation

Article VII.

1. The Parties undertake to ensure the adequate and ongoing promotion and dissemination of the opportunities and potential for economic, industrial, infrastructure, and development cooperation between the two countries, as well as to encourage the exchange of technology and the promotion of joint projects. They also undertake to promote and develop, among other areas of mutual interest, the National Railway Plan and the training of personnel within the railway system.

2. Each Party shall promote investments by its own enterprises in the territory of the other Party, with particular regard to those made by small and medium-sized enterprises, as well as by institutions or enterprises that generate technology in the areas covered by this Agreement, and also through the collaboration of banking institutions in their respective countries.

To this end:

- The Italian Party is prepared to utilize both credit insurance and available preferential financing, in accordance with Italian law and in compliance with commitments made in international forums.

- The Venezuelan Party is prepared to encourage the inflow of Italian capital and initiatives through the means at its disposal in accordance with its own legislation.

3. The Parties undertake, in accordance with the provisions of their respective legislation, to agree on appropriate forms of promotion for exports, in third markets, of the products of joint ventures. Such promotion shall be implemented by each Party in favor of enterprises located within its national territory and in compliance with the regulations set forth in the relevant international agreements ratified by both Italy and Venezuela.

Article VIII.

1. The Parties undertake to support and promote forms of cooperation and activities in science and technology, as well as joint research and development projects.

2. To this end, the Parties reaffirm the importance of fully implementing the legal instruments signed by both Parties on this matter, in particular the Agreement on Scientific and Technological Cooperation signed in Caracas on April 1, 1987.

Article IX.

The Parties shall give priority to those projects capable of generating foreign exchange through the total or partial export of the output resulting from the investment.

Article X.

Recognizing that financing provided by international or regional financial institutions plays an important role in promoting economic development, the Parties shall give special priority to those projects that utilize tied co-financing from

international or regional financial institutions.

Article XI.

The Parties shall consult on possible initiatives in the field of Development Cooperation with particular regard to the opportunities offered by Italian and Venezuelan legislation and to the activities carried out by the various NGOs operating in this sector.

Part Three. Institutional Mechanisms

Article XII.

1. The Parties shall establish an Italian-Venezuelan Council for Cooperation in the Economic, Industrial, Financial, Infrastructure, and Development Sectors. The Council shall be chaired, on the Italian side, by the Minister of Foreign Affairs, and on the Venezuelan side, by a member of the Government designated for that purpose or by representatives delegated by them.

2. Once the Council is established, it shall meet, if possible, once a year or as needed; it shall adopt its own rules of procedure.

3. The Italian-Venezuelan Council for Economic, Industrial, Financial, Infrastructure, and Development Cooperation shall, in particular, have the task of identifying priorities to be followed, proposing projects to be implemented, and specifying the financial instruments to be used for their implementation, in addition to the general functions of promoting and coordinating cooperation initiatives between the two countries.

Article XIII.

The Council may establish ad hoc working groups, such as the Working Group on Trade and Economic and Industrial Cooperation, chaired on the Italian side by the Minister of Foreign Trade and on the Venezuelan side by the Minister of Production and Trade or by representatives delegated by them, which shall meet whenever necessary to examine and develop bilateral cooperation in areas of specific interest to the Parties. The Council and the Working Groups may also make use, for their operations and for technical secretariat tasks, of existing structures (such as the Institute for Foreign Trade, the Italian-Venezuelan Chamber of Commerce, associations for the development of cooperation, and others).

Article XIV.

A Business Committee may operate under the auspices of the Council, composed of representatives of the economic and business sectors of the two Parties, with the aim of concretely expanding economic and industrial ties between the two countries.

Part Four. Settlement of Disputes between Enterprises of the Parties

Article XV.

1. All disagreements and disputes that may arise between Italian and Venezuelan enterprises, arising from the implementation of this Agreement, shall be resolved amicably.

2. Should the disagreements or disputes referred to in the preceding paragraph not be resolved amicably within six (6) months from the date of the written request for settlement, recourse may be had to the Rules of Conciliation and Arbitration of the International Chamber of Commerce in Paris, in accordance with the aforementioned Rules. The procedures shall be determined by the International Chamber of Commerce in Paris.

Part Five. Final Provisions

Article XVI.

No provision contained in this Agreement shall be in conflict with the commitments and obligations previously assumed by

either Party through bilateral or multilateral agreements.

Article XVII.

Any differences arising between the Parties regarding the interpretation and/or application of this Agreement shall be resolved through diplomatic channels.

Article XVIII.

This Agreement shall enter into force on the date of receipt of the last notification by which the Parties inform each other of the completion of their respective constitutional procedures.

Article XIX.

1. This Agreement shall remain in force for a period of three (3) years and shall be tacitly renewable for additional periods of equal duration, unless one of the Parties terminates it in writing. Termination shall take effect six (6) months after the date of its notification.

2. This Agreement repeals the Framework Agreement on Economic and Industrial Cooperation, signed between the Italian Republic and the Republic of Venezuela in Rome on November 19, 1976.

3. Termination of this Agreement shall not affect programs already in progress prior to such termination, which shall continue until their final completion, unless otherwise agreed by the Parties.

In witness whereof, the undersigned Representatives, duly authorized by their respective Governments, sign this Agreement.

Done at Caracas, on 14 February 2001, in two originals in the Italian and Spanish languages, both texts being equally authentic.

FOR THE GOVERNMENT OF THE ITALIAN REPUBLIC

FOR THE GOVERNMENT OF THE BOLIVARIAN REPUBLIC OF VENEZUELA