

**AGREEMENT
BETWEEN THE GOVERNMENT OF THE RUSSIAN FEDERATION
AND THE GOVERNMENT OF THE BOLIVARIAN REPUBLIC OF
VENEZUELA ON THE
PROMOTION AND RECIPROCAL PROTECTION OF INVESTMENTS**

The Government of the Russian Federation and the Government of the Bolivarian Republic of Venezuela, hereinafter referred to as the Contracting Parties,

intending to create favourable conditions for making investments by investors of the State of one Contracting Party in the territory of the State of the other Contracting Party,

recognizing that the promotion and reciprocal protection of investments on the basis of the present Agreement shall stimulate inflows of capital and contribute to development of mutually beneficial trade, economic, scientific and technical co-operation,

intending to provide investors of the States of both Contracting Parties with reliable and effective legal means of protection of their rights and interests related to their investments,

have agreed as follows:

ARTICLE 1

Definitions

For the purposes of the present Agreement the following terms shall mean:

a) "investments" are all kinds of property assets invested by investors of the State of one Contracting Party in the territory of the State of the other Contracting Party in accordance with the legislation of the State of the latter Contracting Party and in particular:

movable and immovable property, as well as rights related to them;
shares, stocks and other forms of participation in the capital of enterprises;
rights to intellectual property such as copyrights, patents, models and industrial design, trade marks and service marks, "know-how", technology and information having commercial value;

rights conferred by the legislation of the State of the latter Contracting Party or under contract concluded in accordance with the legislation of the State of the latter Contracting Party to conduct business activity related in particular, but not

exclusively, to exploration, development, extraction and exploitation of natural resources.

Any change of the form of investments shall not affect their qualification as investments if such change does not contradict the legislation of the State of the Contracting Party in whose territory the investments are made;

b) "investor" is any natural or legal person of the State of either Contracting Party made investments in the territory of the State of the other Contracting Party in accordance with the legislation of the State of the latter Contracting Party:

(i) "natural person" is any person who is a citizen of the State of a Contracting Party in accordance with its legislation;

(ii) "legal person" is any entity whether public or private established or constituted under the legislation of the State of a Contracting Party;

c) "returns" are the amounts yielded from investments including, in particular, profit, dividends, interest, licence and other fees;

d) "territory" is the territory of the Russian Federation or the territory of the Bolivarian Republic of Venezuela, as well as their respective exclusive economic zones and continental shelves defined in accordance with national legislation and international law;

e) "legislation" is the laws and other regulations of the Russian Federation or the laws and other regulations of the Bolivarian Republic of Venezuela.

ARTICLE 2

Application of the Agreement

The present Agreement shall apply to investments made by investors of the State of one of the Contracting Parties in the territory of the State of the other Contracting Party beginning from January 1st, 1992, but shall not apply to any dispute concerning investments that arose before its entry into force or any claim concerning investments that was settled before its entry into force.

ARTICLE 3

Promotion, Admission and Protection of Investments

1. Each Contracting Party shall aspire to create favourable conditions for investors of the State of the other Contracting Party to make investments in the territory of the State of the former Contracting Party and admits such investments in accordance with the legislation of its State.

2. Each Contracting Party shall, in accordance with the legislation of its State, provide full legal protection on the territory of its State to investments of investors and to investors of the State of the other Contracting Party.

ARTICLE 4

Treatment of Investments

1. Each Contracting Party shall provide in the territory of its State fair and equitable treatment for the investments made by investors of the State of the other Contracting Party in respect of management, maintenance, enjoyment, use or disposal of such investments.

2. The treatment referred to in paragraph 1 of this Article shall not be less favourable than a treatment granted by a Contracting Party to the investments of investors of its own State or to investments of investors of any third State.

3. Each Contracting Party shall reserve the right to apply and to introduce, in accordance with the legislation of its State, exceptions from national treatment in respect of foreign investors and their investments, including reinvestments.

4. The provision of paragraph 2 of this Article related to the most-favored nation treatment shall not be construed so as to oblige one Contracting Party to extend to the investments made by investors of the State of the other Contracting Party the benefits of any treatment, preference or privilege which are extended or may be extended in the future by the former Contracting Party:

a) in connection with its participation in a free trade area, customs union, monetary union, common market and any similar economic integration institutions or any international agreement resulting in such unions or institutions;

b) on the basis of agreements on avoidance of double taxation or other arrangements relating to the taxation issues.

5. Without prejudice to the provisions of Articles 5, 6 and 9 of the present Agreement, the Contracting Parties are not committed by the present Agreement to accord a treatment more favourable than the treatment granted by each Contracting Party in accordance with the Agreement establishing the World Trade Organization (WTO) of April 15-th, 1994 including the obligations of the General Agreement on Trade in Services (GATS) and also in accordance with any multilateral arrangement concerning the treatment of investments to which the States of both Contracting Parties are parties.

ARTICLE 5

Expropriation

1. Investments of investors of the State of one Contracting Party made in the territory of the State of the other Contracting Party and returns of such investors shall not be expropriated, nationalized or subjected to any measures, having effect equivalent to expropriation or nationalization (hereinafter referred to as expropriation) except when such measures are carried out in the public interests and in accordance with the procedure established by the legislation of the State of the latter Contracting Party, when they are not discriminatory and entail payment of prompt, adequate and effective compensation.

2. The compensation referred to in paragraph 1 of this Article shall correspond to the fair market value of the expropriated investments calculated on the date immediately preceding the date of expropriation or the date immediately preceding the date when impending expropriation became public knowledge, whichever is the earlier. The compensation shall be paid without delay, in freely convertible currency and shall be freely transferred, subject to Article 7 of the present Agreement, from the territory of the State of one of the Contracting Parties to the territory of the State of the other Contracting Party. From the date of expropriation until the date of actual payment of the compensation the amount of the compensation shall be subject to accrued interest at a market-defined commercial rate but no lower than LIBOR rate for six months US dollar credits.

ARTICLE 6

Compensation for Damages and Losses

Investors of the State of one Contracting Party whose investments and returns suffer damages or losses owing to war, armed conflict, insurrection, revolt, riot, civil disturbance, a state of national emergency or any other similar event in the territory of the State of the other Contracting Party shall be accorded by the latter Contracting Party in respect of such damages or losses, as regards the restitution, indemnification, compensation or other settlements a treatment in accordance with paragraph 2 of Article 4 of the present Agreement.

ARTICLE 7

Transfer of Payments

1. Each Contracting Party shall guarantee to investors of the State of the other Contracting Party, upon fulfillment by them of all their tax obligations, a free transfer abroad of payments related to their investments, and in particular:

- a) initial capital or any additional amounts for the maintenance or extension of the investments;
- b) returns;
- c) funds in repayment of loans and credits recognized by both Contracting Parties as investments, as well as accrued interests;
- d) proceeds from the partial or full liquidation or sale of investments;
- e) compensation, indemnification or other settlements referred to in Articles 5 and 6 of the present Agreement;
- f) wages and other remunerations received by investors and nationals of the State of the latter Contracting Party who have the right to work in the territory of the State of the former Contracting Party in relation to the investments;
- g) payments resulting from the settlement of disputes pursuant to Article 9 of the present Agreement.

2. The transfer of payments referred to in paragraph 1 of this Article shall be made without delay in a freely convertible currency at the rate of exchange applicable on the date of the transfer pursuant to the foreign exchange legislation of the State of the Contracting Party in whose territory the investments are made.

ARTICLE 8

Subrogation

If a Contracting Party or its designated agency, whether public or private, has granted to the investor of its State a financial guarantee of protection against non-commercial risks with respect to investments of such investor in the territory of the State of the other Contracting Party, and makes payment under such guarantee, the other Contracting Party shall recognize acquirement by the former Contracting Party or its designated agency by virtue of subrogation of all rights and claims of the investor. The former Contracting Party or its designated agency shall not assert greater rights and claims than those of the investor from whom such rights and claims were acquired. Such rights and claims shall be exercised in accordance with the legislation of the State of the Contracting Party in whose territory the investments are made.

ARTICLE 9

Settlement of Disputes between a Contracting Party and an Investor of the State of the Other Contracting Party

1. Disputes between one of the Contracting Parties and an investor of the State of the other Contracting Party arising in connection with the investments of

the investor in the territory of the State of the former Contracting Party, including but not exclusively disputes relating to the amount, conditions and procedure of payment of compensation in accordance with Articles 5 and 6 of the present Agreement or to the procedure of transfer of payments set out in Article 7 of the present Agreement, shall be settled, as far as possible, amicably through negotiations.

2. When the dispute cannot be settled amicably through negotiations during a period of five months starting from the date of receipt of a written request by any party to the dispute about its settlement through negotiations it may be submitted at the choice of the investor for consideration:

- to a competent court of the State of the Contracting Party in whose territory the investments are made, or

- to an ad hoc arbitration court in accordance with the Arbitration Rules of the United Nations Commission on International Trade Law (UNCITRAL), or

- to the Arbitration Institution of the Stockholm Chamber of Commerce.

3. The submission of the dispute at the choice of the investor for consideration through one of the three procedures referred to in paragraph 2 of this Article may be made if both parties to the dispute can not reach mutual consent on the procedure of settlement of the dispute during a period of three months starting from the date of receipt of a written proposal by any party to the dispute about its settlement.

4. The arbitration award on the dispute considered in accordance with this Article shall be final and binding upon both parties to the dispute. Each Contracting Party shall ensure the enforcement of this award in accordance with the legislation of its State.

ARTICLE 10

Settlement of Disputes between the Contracting Parties

1. Disputes between the Contracting Parties concerning interpretation or application of the present Agreement shall be settled, as far as possible, amicably through consultations or negotiations between the Contracting Parties.

2. If the dispute cannot be settled amicably through consultations or negotiations between the Contracting Parties within six months from the date of a written request by either Contracting Party for consultations or negotiations it shall, upon the request of either Contracting Party, be submitted for consideration by an arbitrate tribunal.

3. The arbitrate tribunal shall be constituted for each individual case for which purpose each Contracting Party shall appoint one member of the arbitrate

tribunal within two months from the date of the receipt of the request for arbitration. Those two members of the arbitrate tribunal shall then select a national of a third State who upon approval of the two Contracting Parties, shall be appointed Chairman of the arbitrate tribunal within two months from the date of the appointment of the latter of two members of the arbitrate tribunal.

4. If within the time-limits specified in paragraph 3 of this Article the necessary appointments have not been made, either Contracting Party may, in the absence of any other agreement between the Contracting Parties, invite the President of the International Court of Justice to make such appointments. If the President of the International Court of Justice is a national of the State of either Contracting Party or is otherwise unable to discharge the said function, the Vice-President of the International Court of Justice shall be invited to make the necessary appointments. If the Vice-President of the International Court of Justice is also a national of the State of either Contracting Party or is otherwise unable to discharge the said function, the member of the International Court of Justice next in seniority who is not a national of the State of either Contracting Party and is not otherwise prevented from discharging the said function shall be invited to make the necessary appointments.

5. The arbitrate tribunal shall reach its decision by a majority of votes. Such decision shall be final and binding upon the Contracting Parties. Each Contracting Party shall bear the costs of the activities of its own member of the arbitrate tribunal and of its representation in the arbitration proceedings. Costs related to the activities of the Chairman of the arbitrate tribunal and other costs shall be borne in equal parts by the Contracting Parties. The tribunal may, however, in its decision direct that a higher portion of costs shall be borne by one of the Contracting Parties and such decision shall be binding upon both Contracting Parties. The arbitrate tribunal shall determine its own rules of procedure independently.

ARTICLE 11

Consultations

The Contracting Parties shall consult, at the request of either Contracting Party, on matters concerning interpretation or application of the present Agreement.

ARTICLE 12**Entry into Force and Duration of the Agreement**

1. Each Contracting Party shall notify in writing the other Contracting Party of the completion of internal state procedures required for the entry into force of the present Agreement. The present Agreement shall enter into force on the date of the latter of the two notifications.

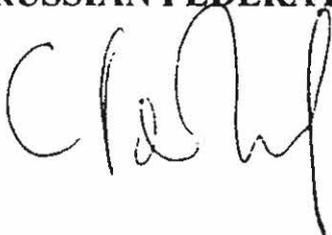
2. The present Agreement shall remain in force for an initial period of ten years. Thereafter it shall be automatically extended for subsequent periods of five years unless one of the Contracting Parties notifies in writing the other Contracting Party, no less than twelve months prior to the end of the corresponding period, of its intention to terminate the present Agreement.

3. The present Agreement may be amended by mutual written consent of the Contracting Parties. Any amendment to the present Agreement shall enter into force after each Contracting Party has notified in writing the other Contracting Party that it has completed all internal state procedures required for the entry into force of such amendment.

4. In respect of investments falling within the scope of application of the present Agreement made prior to the date of termination of the present Agreement, the provisions of the present Agreement shall remain in force for the further period of ten years from the date of termination of the present Agreement.

Done at Caracas on «7» November 2008 in duplicate each in the Russian, Spanish and English languages, all texts being equally authentic. In case of divergence in interpretation of the present Agreement the text in the English language shall be used.

**FOR THE GOVERNMENT OF
THE
RUSSIAN FEDERATION**



**FOR THE GOVERNMENT OF THE
BOLIVARIAN REPUBLIC OF
VENEZUELA**

