

**No. 43430**

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**Venezuela  
and  
Sweden**

**Agreement between the Government of the Republic of Venezuela and the Government of the Kingdom of Sweden on the promotion and reciprocal protection of investments. Caracas, 25 November 1996**

**Entry into force:** *5 January 1998 by notification, in accordance with article 10*

**Authentic texts:** *English, Spanish and Swedish*

**Registration with the Secretariat of the United Nations:** *Venezuela, 2 January 2007*

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**Venezuela  
et  
Suède**

**Accord entre le Gouvernement de la République du Venezuela et le Gouvernement du Royaume de Suède sur l'encouragement et la protection réciproque des investissements. Caracas, 25 novembre 1996**

**Entrée en vigueur :** *5 janvier 1998 par notification, conformément à l'article 10*

**Textes authentiques :** *anglais, espagnol et suédois*

**Enregistrement auprès du Secrétariat des Nations Unies :** *Venezuela, 2 janvier 2007*

[ ENGLISH TEXT – TEXTE ANGLAIS ]

AGREEMENT BETWEEN THE GOVERNMENT OF THE REPUBLIC OF  
VENEZUELA AND THE GOVERNMENT OF THE KINGDOM OF  
SWEDEN ON THE PROMOTION AND RECIPROCAL PROTECTION  
OF INVESTMENTS

The Government of the Republic of Venezuela and the Government of the Kingdom of Sweden,

Desiring to intensify economic cooperation to the mutual benefit of both countries and to maintain fair and equitable conditions for investments by investors of one Contracting Party in the territory of the other Contracting Party,

Recognizing that the promotion and protection of such investments favour the expansion of the economic relations between the two Contracting Parties and stimulate investment initiatives,

Have agreed as follows:

*Article 1. Definitions*

For the purpose of this Agreement:

(1) The term "investment" shall mean every kind of asset, invested by investors of one Contracting Party in the territory of the other Contracting Party, provided that the investment has been made in accordance with the laws and regulations of the other Contracting Party, and shall include in particular, though not exclusively:

- (a) movable and immovable property as well as any other property rights, such as mortgages, liens, pledges, usufructs, leases and similar rights;
- (b) shares and other kinds of interests in companies;
- (c) title to money or to any performance having an economic value;
- (d) intellectual property rights, technical processes, trade names, know-how, good-will and other similar rights;
- (e) rights conferred by law, administrative decisions or under contract to undertake any economic activity, including concessions to search for, cultivate, extract or exploit natural resources.

(2) Goods that under a leasing agreement are placed at the disposal of an investor in the territory of one Contracting Party by a lessor being a national of the other Contracting Party or a legal person having its seat in the territory of that Contracting Party, shall be treated as an investment.

(3) The term "investor" shall mean a natural or legal person having title to an investment as defined in Paragraph (1) above and who is

- (a) a natural person who is a national of a Contracting Party in accordance with its laws;

- (b) a legal person having its seat in the territory of either Contracting Party, or
- (c) a legal person having its seat in a third country but effectively controlled directly or indirectly by an investor as defined in (a) or (b) above.

### *Article 2. Promotion and Protection of Investment*

(1) Each Contracting Party shall, subject to its general policy in the field of foreign investment, promote in its territory investments by investors of the other Contracting Party and shall admit such investments in accordance with its legislation.

(2) Investments by investors of a Contracting Party shall at all times be accorded fair and equitable treatment in accordance with the relevant international standards under International Law. Neither Contracting Party shall impair by arbitrary or discriminatory measures the management, maintenance, use, enjoyment or disposal of such investments as well as the acquisition of goods and services and the sale of their production.

(3) Each Contracting Party shall observe any obligation it has entered into with an investor of the other Contracting Party with regard to the treatment and protection of an investment in its territory.

(4) Subject to the laws and regulations relating to the entry and sojourn of aliens, individuals working for an investor of one Contracting Party, who are nationals of that Contracting Party or are qualified personnel, as well as members of their household, shall be permitted to enter into, remain on and leave the territory of the other Contracting Party for the purpose of carrying out activities associated with investments in the territory of the latter Contracting Party as managers, advisers, technical personnel or skilled workers.

(5) The full protection of this Agreement applies to investments which are made by an investor of a Contracting Party in the territory of the other Contracting Party in accordance with the latter's laws and regulations.

### *Article 3. Treatment of Investments*

(1) Each Contracting Party shall apply to investments in its territory by investors of the other Contracting Party a treatment which is not less favourable than that accorded to investments by its own investors or by investors of any third State, whichever is more favourable.

(2) The provisions of Paragraph (1) of this Article shall not be construed so as to oblige one Contracting Party to extend to investments by investors of the other Contracting Party the benefit of:

- (a) any treatment, preference or privilege granted to any third State by reason of its membership or association in a customs union, common market or free trade area, or
- (b) any treatment, preference or privilege resulting from any international agreement or arrangement relating wholly or mainly to taxation or any domestic legislation relating wholly or mainly to taxation.

*Article 4. Expropriation and Compensation*

(1) Neither Contracting Party shall take any measures depriving, directly or indirectly, an investor of the other Contracting Party of an investment unless the following conditions are complied with:

- (a) the measures are taken in the public interest and under due process of law;
- (b) the measures are unequivocal and not discriminatory; and
- (c) the measures are accompanied by provisions for the payment of prompt, adequate and effective compensation, which shall be transferable without delay in a freely convertible currency.

(2) The provisions of Paragraph (1) of this Article shall also apply to the returns from an investment as well as, in the event of liquidation, to the proceeds from the liquidation.

(3) Investors of either Contracting Party who suffer losses of their investments in the territory of the other Contracting Party due to war or other armed conflict, a state of national emergency, revolt, insurrection or riot shall be accorded, with respect to restitution, indemnification, compensation or other settlement, a treatment which is no less favourable than that accorded to its own investors or to investors of any third State, whichever is more favourable.

*Article 5. Transfers*

(1) Each Contracting Party shall allow without delay the transfer in a freely convertible currency of payments in connection with an investment, such as:

- (a) the returns accruing from any investment by an investor of the other Contracting Party, including in particular, though not exclusively, capital gains, profit, interests, dividends, licenses, royalties or fees;
- (b) the proceeds from a total or partial liquidation of any investment by an investor of the other Contracting Party;
- (c) funds in repayment of loans;
- (d) the remuneration of natural persons who are not nationals of the Contracting Party in whose territory the investment is situated and who are allowed to work in accordance with Article 2, paragraph (4);
- (e) other sums required for the coverage of expenses connected with the management of the investment.

(2) Transfers shall be made at the market rate of exchange existing on the date of transfer, with respect to spot transactions in the currency to be transferred. In the absence of a market for foreign exchange, the rate to be used will be the most recent rate applied to inward investments.

*Article 6. Subrogation*

If a Contracting Party or its designated agency makes a payment to any of its investors under a guarantee against non-commercial risks it has granted in respect of an investment in the territory of the other Contracting Party, the latter Contracting Party shall, without prejudice to the rights of the former Contracting Party under Article 7, recognize the transfer of any right or title of such an investor to the former Contracting Party or its designated agency and the subrogation of the former Contracting Party or its designated agency to any such rights or title.

*Article 7. Disputes between an Investor and a Contracting Party*

(1) Disputes between one Contracting Party and an investor of the other Contracting Party concerning an obligation of the former under this Agreement in relation to an investment of the latter shall at the request of the investor concerned be submitted to the International Centre for Settlement of Investment Disputes (I.C.S.I.D.), for settlement by arbitration or conciliation under the Convention on the Settlement of Investment Disputes between States and Nationals of other States, opened for signature at Washington on March 18, 1965.

(2) If for any reason I.C.S.I.D. is not available, the investor may submit the dispute to an ad hoc tribunal under the Rules of Arbitration of the United Nations Commission for International Trade Law (UNCITRAL). The Parties to the dispute may agree to modify these rules.

(3) The arbitral award shall be limited to determining whether there is a breach by the Contracting Party concerned of its obligations under this Agreement, whether such breach of obligations has caused damages to the investor concerned, and, if such is the case, the amount of compensation.

(4) Each Contracting Party hereby gives its unconditional consent to the submission of disputes as referred to in Paragraph (1) of this Article to international arbitration in accordance with the provisions of this Article.

The consent given by each Contracting Party in this Article and the submission of the dispute by an investor under the said Article shall satisfy the requirements of:

- (a) Chapter II of the Washington Convention (Jurisdiction of the Centre) for written consent of the parties to a dispute.
- (b) Article 1 of the UNCITRAL Arbitration Rules for an agreement in writing on referral to arbitration by the parties to a contract; and
- (c) Article II of the United Nations Convention on the Recognition and Enforcement of Foreign Arbitral Awards, done at New York, June 10, 1958, for "an agreement in writing".

(5) In order to avoid doubt in the application of this Article, it is confirmed that any legal person having its seat in one of the Contracting Parties or in a third State and which, before the occurrence of the measure that gave rise to the dispute and at the date of its submission to arbitration, is owned or effectively controlled by investors of the other Contracting Party, shall be treated as a legal person of the latter Contracting Party.