

**No. 1837**

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**CHINA  
and  
UNITED STATES OF AMERICA**

**Exchange of notes constituting an agreement relating to  
guarantees authorized by Section 111 (b) (3) of the  
Economic Cooperation Act of 1948, as amended. Taipei,  
25 June 1952**

*Official texts: Chinese and English.*

*Registered by China on 29 August 1952.*

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**CHINE  
et  
ÉTATS-UNIS D'AMÉRIQUE**

**Échange de notes constituant un accord relatif aux garanties  
autorisées par l'article 111, b, 3, de la loi de coopération  
économique de 1948, sous sa forme modifiée. Taïpéi,  
25 juin 1952**

*Textes officiels chinois et anglais.*

*Enregistré par la Chine le 29 août 1952.*

No. 1837. EXCHANGE OF NOTES CONSTITUTING AN AGREEMENT<sup>1</sup> BETWEEN CHINA AND THE UNITED STATES OF AMERICA RELATING TO GUARANTEES AUTHORIZED BY SECTION 111 (b) (3) OF THE ECONOMIC COOPERATION ACT OF 1948, AS AMENDED. TAIPEI, 25 JUNE 1952

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AMERICAN EMBASSY

No. 211

Taipei, June 25, 1952

Excellency :

I have the honor to refer to conversations which have recently taken place between representatives of our two Governments, relating to guaranties authorized by Section 111 (b) (3) of the Economic Cooperation Act of 1948, as amended. I also have the honor to confirm the understandings reached as a result of these conversations as follows :

The Governments of the Republic of China and of the United States of America will, upon the request of either of them, consult respecting projects in Taiwan proposed by nationals of the United States of America with regard to which guaranties under Section 111 (b) (3) of the Economic Cooperation Act of 1948, as heretofore amended, have been made or are under consideration. With respect to such guaranties extending to projects which are approved by the Government of the Republic of China in accordance with the provisions of the aforesaid Section, the Government of the Republic of China agrees :

- a. That if the Government of the United States of America makes payment in United States dollars to any person under any such guaranty, the Government of the Republic of China will recognize the transfer to the Government of the United States of America of any right, title or interest of such person in assets, currency, credits, or other property on account of which such payment was made and the subrogation of the Government of the United States of America to any claim or cause of action of such person arising in connection therewith. The Government of the Republic of China will also recognize any transfer to the Government of the United States of America pursuant to such guaranty of any compensation for loss covered by such guaranties received by such person from the Government of the Republic of China ;

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<sup>1</sup> Came into force on 25 June 1952, by the exchange of the said notes.

- b. That New Taiwan dollar amounts acquired by the Government of the United States of America pursuant to such guaranties shall be accorded treatment not less favorable than that accorded, at the time of such acquisition, to private funds arising from transactions of United States nationals which are comparable to the transactions covered by such guaranties, and that such New Taiwan dollar amounts will be freely available to the Government of the United States of America for administrative expenditures ;
- c. That any claim against the Government of the Republic of China to which the Government of the United States of America may be subrogated as the result of any payment under such a guaranty, shall be the subject of direct negotiations between the two Governments. If within a reasonable period, they are unable to settle the claim by agreement, it shall be referred for final and binding determination to a sole arbitrator selected by mutual agreement. If the Governments are unable, within a period of three months, to agree upon such selection, the arbitrator shall be one who may be designated by the President of the International Court of Justice at the request of either Government.

Upon receipt of a note from Your Excellency indicating that the foregoing provisions are acceptable to the Government of the Republic of China, the Government of the United States of America will consider that this note and your reply thereto constitute an agreement between the two Governments on this subject, the agreement to enter into force on the date of your note in reply.

Accept, Excellency, the renewed assurances of my highest consideration.

(Signed) Howard P. JONES

His Excellency Dr. George K. C. Yeh  
Minister of Foreign Affairs  
Republic of China  
Taipei

[TRANSLATION<sup>1</sup> — TRADUCTION<sup>2</sup>]

MINISTRY OF FOREIGN AFFAIRS

Taipei, June 25th, 1952

Monsieur le Chargé d'Affaires :

I have the honor to acknowledge the receipt of your Note No. 211 of to-day's date, which reads as follows :

[*See note I*]

In reply, I have the honor to accept on behalf of the Government of the Republic of China the arrangements set forth in your Note under reference and to state that it is also the understanding of the Chinese Government that your Note and this reply shall be regarded as constituting an agreement between our two Governments and that such agreement shall enter into force as from to-day's date.

Please accept, Monsieur le Chargé d'Affaires, the renewed assurance of my high consideration.

(*Signed*) George K. C. YEH

Mr. Howard P. Jones  
Chargé d'Affaires, a. i.  
American Embassy  
Taipei, Taiwan

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<sup>1</sup> Translation by the Government of China.

<sup>2</sup> Traduction du Gouvernement chinois.