

No. 2326

**UNITED STATES OF AMERICA
and
ISRAEL**

**Agreement (with related note) for economic assistance
pursuant to the General Agreement for technical co-
operation. Signed at Tel Aviv, on 9 May 1952**

Official text: English.

Registered by the United States of America on 22 October 1953.

**ÉTATS-UNIS D'AMÉRIQUE
et
ISRAËL**

**Accord (avec note y relative) concernant une assistance
économique dans le cadre de l'Accord général de
coopération technique. Signé à Tel-Aviv, le 9 mai 1952**

Texte officiel anglais.

Enregistré par les États-Unis d'Amérique le 22 octobre 1953.

No. 2326. AGREEMENT¹ FOR ECONOMIC ASSISTANCE BETWEEN THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND THE GOVERNMENT OF ISRAEL PURSUANT TO THE GENERAL AGREEMENT FOR TECHNICAL CO-OPERATION. SIGNED AT TEL AVIV, ON 9 MAY 1952

The Government of the United States of America and the Government of Israel have agreed as follows :

Article I

The Government of the United States of America, acting under the authority of the Mutual Security Act of 1951 (P.L. 165, 81st² Congress of the United States);³ the Act for International Development (22 U.S.C. 1557);⁴ the Economic Cooperation Act of 1948,⁵ as amended (22 U.S.C. 1501); and Acts amendatory and supplementary thereto; and the arrangements provided in the General Agreement for Technical Cooperation,⁶ will furnish to the Government of Israel such commodities and services as may be requested by the Government of Israel and agreed to by the Government of the United States of America up to the maximum sum in United States currency of Thirteen Million Five Hundred Thousand dollars during the period ending June 30, 1952.

Article II

The Government of Israel shall establish a special account in the Bank Leumi Le-Israel, B.M., in Tel Aviv in the name of the Government of Israel, which account is hereinafter called the "Local Currency Special Account", and the Government of Israel will make deposits in local currency to this account as follows :

(a) The Government of Israel will establish in its name or that of an authorized Israel agency, a special account in a bank acceptable to both Governments, and will deposit therein the Israel currency equivalent to the dollar aid provided on a grant basis under the terms of this Agreement. The exchange

¹ Came into force on 9 May 1952, as from the date of signature, in accordance with article X.

² The following information is given by the Department of State of the United States of America (*Treaties and Other International Acts Series* 2561): "Should read '82d'."

³ United States of America : 65 Stat. 373.

⁴ United States of America : 64 Stat. 204.

⁵ United States of America : 62 Stat. 137.

⁶ United Nations, *Treaty Series*, Vol. 137, p. 57.

rate to be used in computing the amounts of such Israel currency deposits shall be the par value for the Israel currency agreed with the International Monetary Fund in effect at the time of each deposit, provided that this par value is the single rate applicable to the purchase of dollars for commercial transactions in Israel. If there is no such agreed par value or if there are two or more effective rates that are not unlawful for the purchase of dollars, the rates used shall be the effective rates (including the amount of any exchange tax, surcharge, bonus, or value of any exchange certificate) which at the time of deposit, are applicable to the purchase of dollars for the respective purposes for which dollars supplied hereunder are used. In no case, however, will the amount of Israel pounds deposited be less than the equivalent, at the official rate of exchange at the time of the deposits, of the United States dollar aid provided hereunder. Such deposits will be made from time to time by the Government of Israel upon notification to that Government that dollars have been made available by the Government of the United States of America for expenditure pursuant to this Agreement.

(b) The Government of the United States of America will from time to time notify the Government of Israel of its local currency requirements for expenditure for materials which are required by the United States of America, for administrative and operating expenditures in Israel pounds incident to the furnishing of economic and technical assistance under the General Agreement for Technical Cooperation and this Agreement, or for other local currency requirements of the Government of the United States. The Government of Israel will thereupon make such sums available, which shall in any event amount to at least five (5) percent of the amounts deposited, out of any balances in the Local Currency Account in the manner requested by the Government of the United States of America in the notification.

(c) The Government of Israel may draw upon any remaining balance in the Local Currency Account for such projects and such purposes as are related to the objectives of this Agreement and the General Agreement for Technical Cooperation as may be agreed to from time to time by the Government of the United States of America. Upon termination of assistance to Israel under the Economic Cooperation Act of 1948, as amended, any unencumbered balance of such fund will be used for such purposes as may hereafter be agreed between the Government of Israel and the Government of the United States of America, it being understood that the Agreement of the United States of America shall be subject to approval by act or joint resolution of the Congress of the United States of America.

Article III

In order to assure maximum benefits to the people of Israel from the assistance to be furnished hereunder by the Government of the United States of America, the Government of Israel will use its best endeavors :

(a) To assure efficient and practicable use of all resources available and to assure that the commodities and services obtained under this Agreement are used for purposes consistent with the purposes of the Technical Cooperation Program;

(b) To promote the economic development of Israel on a sound basis and to achieve such objectives within the scope of this Agreement as may be agreed upon between the two Governments;

(c) To assure the stability of its currency and the validity of its rate of exchange and generally to assure confidence in its internal financial stability;

(d) To cooperate with other countries to reduce barriers to international trade and to take appropriate measures singly and in cooperation with other countries to eliminate public or private restrictive practices hindering domestic or international trade.

Article IV

The Government of Israel will facilitate acquisition by the Government of the United States of America, on reasonable commercial terms no less favorable than those provided to nationals of other countries, of materials in which the United States of America is actually or potentially deficient, giving due regard to the reasonable requirements of the Government of Israel for the domestic use and commercial exports of such materials.

Article V

The two Governments will establish procedures whereby the Government of Israel will so deposit, segregate, or assure title to all funds allocated to or derived from any program of assistance undertaken by the Government of the United States so that such funds shall not be subject to garnishment, attachment, seizure or other legal process by any person, firm, agency, corporation, organization or government, when the Government of Israel is advised by the Government of the United States of America that any such legal process would interfere with the attainment of the objectives of the program of assistance.

Article VI

(a) The Government of Israel will cooperate with the Government of the United States of America to assure that procurement will be at reasonable prices

and on reasonable terms. Commodities or services furnished hereunder may be distributed within the Country of Israel on terms and conditions to be mutually agreed upon between the two Governments.

(b) The Government of Israel will make available to the Government of the United States of America full opportunity to ascertain the uses made of the funds, commodities, and services provided for under this Agreement.

Article VII

The Government of Israel and the Government of the United States of America recognize that it is in their mutual interest that full publicity be given to the objectives of this Agreement. The Government of Israel will permit and give full publicity to the objectives and progress of the program under this Agreement and will make public, quarterly, complete statements of operations hereunder, including information as to the use of funds, commodities and services furnished.

Article VIII

The Government of the United States of America and the Government of Israel agree to submit to the decision of the International Court of Justice, or of any arbitral tribunal mutually agreed upon, any claim espoused by either Government involving compensation of one of its nationals against the other Government for governmental measures affecting his property rights, including contracts or concessions.

It is understood that neither Government will espouse a claim pursuant to this Article until its national has exhausted the remedies available to him in the administrative and judicial tribunals of the country in which the claim arose.

It is further understood that the undertaking of the Government of the United States of America in respect of claims espoused by the Government of Israel pursuant to this Article is made under the authority of and is limited by the terms and conditions of the recognition by the United States of America of the compulsory jurisdiction of the International Court of Justice under Article 36 of the Statute of the Court, as set forth in the declaration of the President of the United States of America dated August 14th, 1946.¹

¹ United Nations, *Treaty Series*, Vol. 1, p. 9.

Article IX

It is agreed that, at the option of the Government of the United States of America, a maximum of \$1,350,000 of the assistance provided for in this Agreement may be made available to the Government of Israel on credit terms.

Article X

This Agreement shall become effective on the date on which it is signed and shall remain in force until thirty days after notice in writing by either Government to the other of intention to terminate, provided that Article II shall remain in effect until all the Israel pounds required to be deposited in accordance with its terms have been disposed of as provided in that Article.

DONE in duplicate at Tel Aviv this 9th day of May, 1952.

For the Government of Israel :

M. SHARETT

[SEAL]

For the Government of the
United States of America :

Monnet B. DAVIS

[SEAL]

RELATED NOTE

The Israeli Minister for Foreign Affairs to the American Ambassador

MINISTRY FOR FOREIGN AFFAIRS

HAKIRYA, ISRAEL

9th May, 1952

Your Excellency,

With reference to Article VIII of the Agreement for Economic Assistance between the Government of Israel and the Government of the United States of America, which is being signed to-day, I have the honour to place on record that the undertaking of the Government of Israel in respect of claims espoused by the Government of the United States of America pursuant to this Article

is made under the authority of and is limited by the terms and conditions of the recognition by the Government of Israel of the compulsory jurisdiction of the International Court of Justice under Article 36 of the Statute of the Court, as set forth in the declaration by me on September 4, 1950,¹ as ratified.

Please accept the assurances of my highest consideration.

M. SHARETT
Minister for Foreign Affairs

His Excellency Mr. Monnett B. Davis
The United States Ambassador
Tel Aviv

¹ United Nations, *Treaty Series*, Vol. 108, p. 239.