

No. 2396

**UNITED STATES OF AMERICA
and
ISRAEL**

**Exchange of notes constituting an agreement relating to
guaranties under section 111 (b) (3) of the Economic
Cooperation Act of 1948, as amended. Tel Aviv, 7 and
8 August 1952**

Official text: English.

Registered by the United States of America on 28 November 1953.

**ÉTATS-UNIS D'AMÉRIQUE
et
ISRAËL**

**Échange de notes constituant un accord relatif aux garanties
prévues par l'article 111, b, 3, de la loi de 1948 sur la
coopération économique, sous sa forme modifiée. Tel-
Aviv, 7 et 8 août 1952**

Texte officiel anglais.

Enregistré par les États-Unis d'Amérique le 28 novembre 1953.

No. 2396. EXCHANGE OF NOTES CONSTITUTING AN AGREEMENT¹ BETWEEN THE UNITED STATES OF AMERICA AND ISRAEL RELATING TO GUARANTIES UNDER SECTION 111 (b) (3) OF THE ECONOMIC CO-OPERATION ACT OF 1948, AS AMENDED.² TEL AVIV, 7 AND 8 AUGUST 1952

I

The American Ambassador to the Israeli Minister for Foreign Affairs

AMERICAN EMBASSY

Tel Aviv, August 7, 1952

No. 21

Excellency :

I have the honor to refer to conversations which have recently taken place between representatives of our two Governments relating to the industrial investment guaranty program pursuant to the terms of section 111 of the Economic Cooperation Act of 1948, as amended,² and to confirm the understandings reached as a result of these conversations as follows :

The Governments of Israel and of the United States of America will, upon request of either of them, consult respecting investments in Israel made or proposed by nationals of the United States of America who have applied for guaranties under Section 111 (b) (3) of the Economic Co-operation Act of 1948, as amended, and whose investments have been approved by the Government of Israel for the purpose of such guaranties. With respect to such guaranties the Government of Israel 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 Israel will recognize transfer to the United States of any right, title or interest of such persons in assets, currency, credits, or other property on account of which such payment was made and subrogation of the United States to any claim or cause of action of such person arising in connection therewith. The Government of Israel shall 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 from any source other than the Government of the United States of America ;

¹ Came into force on 8 August 1952 by the exchange of the said notes.

² United States of America : 62 Stat. 144 ; 22 U. S. C. § 1509 (b) (3).

B. That Israel pounds 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 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 Israel pounds will be freely available to the Government of the United States of America for administrative expenditures ;

C. That any claim against the Government of Israel, to which the Government of the United States of America may be subrogated as 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 Israel, the Government of the United States of America will consider that this note and your Excellency's reply thereto constitute an agreement between the two Governments on this subject which shall enter into force on the date of Your Excellency's note in reply.

Please accept, Excellency, the renewed assurances of my highest consideration.

Monnett B. DAVIS

His Excellency Moshe Sharett
Minister for Foreign Affairs
of the State of Israel

II

The Israeli Minister for Foreign Affairs to the American Ambassador

MINISTRY FOR FOREIGN AFFAIRS
HAKIRYA, ISRAEL

Hakirya, 8 August, 1952

Excellency,

I have the honour to acknowledge receipt of Your Excellency's Note No. 21, dated 7 August, 1952, relating to the industrial investment guaranty program pursuant to the terms of Section 111 of the Economic Co-operation Act of 1948, as amended, and to confirm that the provisions set forth in that Note are acceptable to the Government of Israel, which considers Your Excellency's Note and this

reply as constituting an agreement between the two Governments on this subject, entering into force on this date.

Accept, Excellency, the renewed assurances of my most distinguished consideration.

M. SHARETT

Minister for Foreign Affairs

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