

No. 3336

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**UNITED STATES OF AMERICA  
and  
EL SALVADOR**

**Agreement for a co-operative program of productivity.  
Signed at San Salvador, on 31 August 1954**

*Official texts: English and Spanish.*

*Registered by the United States of America on 3 May 1956.*

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

**Accord relatif à un programme de coopération dans le  
domaine de la productivité. Signé à San-Salvador, le  
31 août 1954**

*Textes officiels anglais et espagnol.*

*Enregistré par les États-Unis d'Amérique le 3 mai 1956.*

No. 3336. AGREEMENT<sup>1</sup> BETWEEN THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND THE GOVERNMENT OF EL SALVADOR FOR A CO-OPERATIVE PROGRAM OF PRODUCTIVITY. SIGNED AT SAN SALVADOR, ON 31 AUGUST 1954

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

*Article I*

THE OPERATING AGENCIES

Pursuant to the General Agreement for Technical Cooperation signed on behalf of the two Governments at San Salvador on April 4, 1952,<sup>2</sup> a cooperative program of productivity shall be initiated in El Salvador. The obligations assumed herein by the Government of El Salvador will be performed by it through its Ministry of Economy (hereinafter referred to as the "Ministry"). The obligations assumed herein by the Government of the United States of America will be performed by it through the Foreign Operations Administration or such other agency as may hereafter be designated for this purpose by the Government of the United States of America (hereinafter referred to as the "Administration"), an agency of the Government of the United States of America. The Administration may discharge its obligations under this Agreement through The Institute of Inter-American Affairs, the regional office of the Administration for Latin America, and may obtain the assistance of other agencies of the Government of the United States of America and of other public and private agencies in the discharge of those obligations. The Ministry, on behalf of the Government of El Salvador, and the Administration, on behalf of the Government of the United States of America, shall participate jointly in all phases of the planning and administration of the cooperative program. This Agreement and all activities carried out pursuant to it shall be governed by the provisions of the said General Agreement for Technical Cooperation.

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<sup>1</sup> Came into force on 27 October 1954, in accordance with article XIII, by the notification of its publication in the *Diario Oficial de El Salvador* given by the Government of El Salvador to the Government of the United States of America. This Agreement supersedes the Agreement of 14 May 1953; see United Nations, *Treaty Series*, Vol. 234, p. 71.

<sup>2</sup> United Nations, *Treaty Series*, Vol. 177, p. 219.

*Article II*

## OBJECTIVES

The objectives of this cooperative program of productivity are :

1. To facilitate the development of productivity in El Salvador through cooperative action on the part of the two governments ;
2. To stimulate and increase the interchange between the two countries of knowledge, skills and techniques so that the benefits of increased productivity may contribute to higher standards of living through more efficient production and more wide-spread consumption of goods, reduced costs and improved earnings ;
3. To promote and strengthen understanding and good will between the peoples of El Salvador and the United States of America, and to foster the growth of democratic ways of life.

*Article III*

## FIELDS OF ACTIVITY

This cooperative program of productivity will include, to the extent that the parties from time to time agree thereon, operations of the following types :

1. Studies of the needs of El Salvador for development of productivity, and the resources which are available to meet those needs ;
2. The formulation and continuous adaptation of a program to help meet such needs ;
3. The initiation and administration of such projects for the improvement of productivity in industry, commerce, and service activities, as : plant layout ; machinery selection and maintenance ; inventory, selection, testing and handling of materials ; warehousing and storage ; production planning ; tool, material and quality control systems ; economic, industrial, technical and marketing research ; finance and accounting organization and procedures ; sales and advertising techniques ; distribution and marketing of products ; wage payment systems ; productivity measurement ; and such other projects appropriate to the program as the parties may agree upon ;
4. Related training activities, both within and outside of El Salvador.

*Article IV*

## THE OPERATIONS MISSION

The Government of the United States of America agrees to furnish a group of technicians and specialists to collaborate in carrying out the cooperative program

of productivity. The technicians and specialists made available by the Government of the United States of America under this Agreement, together with those so made available under other program agreements, will constitute a mission (referred to below as the "Mission") to be known as the United States of America Operations Mission in El Salvador unless otherwise designated hereafter by the Government of the United States of America. The Operations Mission shall be headed by a director (referred to below as the "Director"). The Director and others members of the Mission shall be appointed by the Government of the United States of America but shall be acceptable to the Government of El Salvador.

#### *Article V*

##### THE CENTER

There is hereby established the Inter-American Industrial Productivity Center (hereinafter referred to as the "Center"). The Center shall serve as an agency of the Government of El Salvador and shall administer the cooperative program of productivity in accordance with the provisions of this Agreement. The Minister of Economy of El Salvador (hereinafter referred to as the "Minister"), or his designee, and the Director, or his designee, shall serve as Co-Directors of the Center. Members of the Mission may become officers or employees of the Center under such arrangements as may be agreed upon by the Co-Directors.

1. The monies of the Center may be maintained in such banks as the Co-Directors shall agree upon and shall be available only for the purpose of this Agreement.

2. An advisory board may be designated by the Minister of Economy for the purpose of obtaining the views of representative groups in El Salvador. The advisory board shall be composed of representatives of appropriate agencies of the Government of El Salvador, industrial and commercial associations, trade union organizations, professional societies, universities and trade schools, and other groups concerned.

#### *Article VI*

##### JOINT CONTRIBUTIONS

The parties shall contribute and make available, to the extent provided below, monies for use in carrying out the program during the period covered by this Agreement, in accordance with the following schedules :

1. The Government of the United States of America, during the period from the date of entry into force of this Agreement through December 31, 1958, shall make available the monies necessary to pay the salaries and other expenses of the members of the Mission, as well as such other expenses of an administrative nature as the Government of the United States of America may incur in connection with this cooperative program. These monies shall be administered by the Administration and shall not be deposited to the credit of the Center.

2. In addition, for the period from the date of entry into force of this Agreement through December 31, 1954, the Government of the United States of America shall deposit to the credit of the Center the sum of \$50,000 (Fifty Thousand Dollars). This sum shall be deposited in such amounts and at such times as the Co-Directors may subsequently agree upon.

3. The Government of El Salvador, for the period from the date of entry into force of this Agreement through December 31, 1954, shall deposit to the credit of the Center the sum of \$50,000 (Fifty Thousand Dollars), in the currency of El Salvador. This sum shall be deposited in such amounts and at such times as the Co-Directors may subsequently agree upon.

4. The parties shall later agree in writing upon the amount of monies that each will contribute and make available each year for use in carrying out the program during the period through December 31, 1958. It is understood that sums subsequently agreed to be contributed by the Government of the United States of America may, as the parties shall agree, either be deposited to the credit of the Center or be withheld in the United States of America to be expended outside of El Salvador in United States Dollars as agreed upon by the Co-Directors. Where sums to be contributed by the Government of the United States of America are withheld in the United States of America, the Co-Directors may thereafter agree to the deposit in cash of any part of such sums to the credit of the Center in such installments as they may agree upon. Amounts deposited to the credit of the Center or expended at the direction of the Co-Directors shall be considered to be contributed at the time of such deposits or expenditure.

5. Funds deposited by the Government of the United States of America to the credit of the Center shall be convertible into colones at the highest rate which, at the time the conversion is made, is available to the Government of the United States of America for its diplomatic and other official expenditures in El Salvador.

6. No withdrawals shall be made from monies of the Center for any purpose except by issuance of a check or other suitable withdrawal document signed by both Co-Directors of the Center or those persons to whom they may delegate this function.

7. It is intended that contributions to be made to the Center by the two parties pursuant to this Agreement or any supplement thereto shall be made in periodic installments, and that, unless otherwise specifically agreed to by the parties, such periodic installments by the two parties shall be made at the same time and in proportionally corresponding amounts in terms of the total contribution each is to make. Each deposit required to be made to the Center by the parties pursuant to this Agreement or any supplement thereto shall be available for withdrawal or expenditure only after the corresponding deposit due from the other party has been made. Funds deposited by either party and not matched by the

required deposit of the other party shall be returned to the contributor prior to the distribution provided for in paragraph 4 of Article IX.

### *Article VII*

#### ADDITIONAL CONTRIBUTIONS

1. The projects to be undertaken under this Agreement may include cooperation with national and local governmental agencies in El Salvador, as well as with organizations of a public or private character, and international organizations of which the United States of America and El Salvador are members. By agreement between the Co-Directors contributions of monies, property, services or facilities by either or both parties, or by any of such third parties, may be accepted and deposited to the credit of the Center for use in effectuating the cooperative program of productivity, in addition to the contributions required to be made under Article VI.

2. The Government of El Salvador, in addition to the cash contribution provided for in paragraph 3 of Article VI hereof, may, at its own expense, pursuant to agreement between the Co-Directors :

- a. Appoint specialists and other necessary personnel to collaborate with the Mission ;
- b. Make available such office space, office equipment and furnishings, and such other facilities, materials, equipment, supplies, and services as it can provide for the said program ;
- c. Make available the general assistance of the other governmental agencies of the Government of El Salvador for carrying out the cooperative program of productivity.

### *Article VIII*

#### PROJECT OPERATIONS

1. The cooperative program of productivity herein provided for shall consist of a series of projects to be jointly planned and administered by the Co-Directors of the Center. Each project shall be embodied in a written Project Agreement which shall be signed by the Co-Directors, shall define the work to be done, shall make allocations therefor from monies available to the Center, and may contain such other pertinent matters as the parties may desire to include.

2. Upon substantial completion of any project, a Completion Memorandum shall be drawn up and signed by the Co-Directors, which shall provide a record of the work done, the objectives sought to be achieved, the expenditures made, the problems encountered and solved, and related basic data.

3. The selection of specialists, technicians and others in the field of productivity to be sent for training or investigation to the United States of America

or elsewhere at the expense of the Center pursuant to this program, as well as the training or investigation activities in which they shall participate, shall be determined jointly by the Co-Directors.

4. The general policies and administrative procedures that are to govern the cooperative productivity program, the carrying out of projects, and the operations of the Center, such as the disbursement of and accounting for monies, the incurrence of obligations of the Center, the purchase, use, inventory, control and disposition of property, the appointment and discharge of officers and other personnel of the Center and the terms and conditions of their employment, and all other administrative matters, shall be determined jointly by the Co-Directors.

5. All contracts and other instruments and documents relating to the execution of projects under this Agreement shall be executed in the name of the Center and shall be signed by the two Co-Directors. The books and records of the Center relating to the cooperative program shall be open at all times for examination by authorized representatives of the Government of El Salvador and the Government of the United States of America. The Co-Directors of the Center shall render an annual report of their activities to the two Governments, and other reports at such intervals as may be appropriate.

6. Any power conferred by this Agreement upon the Co-Directors may be delegated by either of them to any of his respective assistants, provided that each such delegation be satisfactory to the other. Such delegation shall not limit the right of the Co-Directors to refer any matter directly to one another for discussion and decision.

### *Article IX*

#### ADDITIONAL FISCAL PROVISIONS

1. All monies deposited to the credit of the Center pursuant to this Agreement shall continue to be available for the cooperative program of productivity during the existence of this Agreement, without regard to annual periods or fiscal years of either of the parties.

2. All materials, equipment and supplies acquired for the cooperative program shall become the property of the Center and shall be used only in the furtherance of this Agreement. Any such materials, equipment and supplies remaining at the termination of this cooperative program shall be at the disposition of the Government of El Salvador.

3. Interest received on monies of the Center and any other increment of assets of the Center, of whatever nature or source, shall be devoted to the carrying out of the cooperative program and shall not be credited against any contribution due from either Government.

4. Any monies of the Center which remain unexpended and unobligated on the termination of the cooperative program of productivity shall, unless otherwise agreed upon in writing by the parties hereto at that time, be returned to the parties hereto in the proportion of the respective contributions made by the Government of the United States of America and the Government of El Salvador under this Agreement, as it may be from time to time amended and extended ; provided, however, that funds deposited pursuant to Article VI of this Agreement by one party and not matched by a deposit of the funds agreed to by the other party shall be returned to the contributor prior to the distribution provided for herein.

### *Article X*

#### RIGHTS AND EXEMPTIONS

1. The Government of El Salvador agrees to extend to the Center, and to all personnel employed by the Center, all rights and privileges which are enjoyed, under the laws of El Salvador, by agencies of the Government of El Salvador or by their personnel. Such rights and privileges to the extent that they are available to other agencies of the Government of El Salvador or their personnel, shall include but not be limited to : free postal, telegraph, and telephone services ; the right to rebates or preferential rates allowed by domestic companies of maritime or river navigation, air travel, telephone, telegraph or other services ; and exemption from taxes, excises, imposts, and stamp taxes.

2. Supplies, equipment and materials contributed to the Center by the Government of the United States of America, either directly or by contract with a public or private organization or purchased abroad by the Center for use in El Salvador in connection with its activities, shall be admitted into El Salvador free of any customs and import duties.

3. The rights and privileges referred to in paragraph 1 of this Article pertaining to communications, transportation and exemption from taxes, imposts and stamp taxes shall also accrue to the Administration and personnel of the Government of the United States of America with respect to operations which are related to and property which is to be used for the cooperative program of productivity.

4. To enable personnel assigned to El Salvador by the Government of the United States of America under this Agreement to enjoy the rights and exemptions accorded other United States Government employees in El Salvador, the Government of El Salvador agrees that all personnel of the Government of the United States of America, whether employed directly by it or under contract with a public or private organization, who are present in El Salvador to perform work for the cooperative productivity program, and have been accepted by the Government of El Salvador under Article IV of this Agreement, shall be exempt from income and social security taxes levied under the laws of El Salvador with respect to



income upon which they are obligated to pay income or social security taxes to the Government of the United States of America, from property taxes on personal property intended for their own use, and, except as may be otherwise mutually agreed, from the payment of any tariff or duty upon personal or household goods brought into the country for the personal use of themselves and members of their families.

### Article XI

#### SOVEREIGN IMMUNITY

1. The parties declare their recognition that the Administration, being an agency of the Government of the United States of America, is entitled to share fully in all the privileges and immunities, including immunity from suit in the courts of El Salvador, which are enjoyed by the Government of the United States of America.

2. The two Governments will establish procedures whereby the Government of El Salvador will so deposit, segregate or assure title to all monies allocated to or derived from any United States assistance program that such monies 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 El Salvador is advised by the Government of the United States of America that such legal process would interfere with the attainment of the objectives of the program.

### Article XII

#### LEGISLATIVE AND EXECUTIVE ACTION

The Government of El Salvador will endeavor to obtain the enactment of such legislation and will take such executive action as may be required to carry out the terms of this Agreement.

### Article XIII

#### ENTRY INTO FORCE AND DURATION

This Agreement may be referred to as the "Inter-American Industrial Productivity Center Agreement". It supersedes the Inter-American Industrial Productivity Center Agreement signed by the Government of the United States of America and the Government of El Salvador at San Salvador on May 14, 1953.<sup>1</sup>

It shall enter into force on the date of notification of its publication in the *Dario Oficial* of El Salvador from the Government of El Salvador to the Govern-

<sup>1</sup> United Nations, *Treaty Series*, Vol. 234, p. 71.

ment of the United States of America and shall remain in force through December 31, 1958 or until three months after either Government shall have given notice in writing to the other of intention to terminate it, whichever is the earlier ; provided, however, that the obligations of the parties under this Agreement for the period from June 30, 1954, through December 31, 1958 shall be subject to the availability of appropriations to both parties for the purposes of the program and to the further agreement of the parties pursuant to Article VI, paragraph 4, hereof.

DONE in duplicate, in the English and Spanish languages, at San Salvador this 31st day of August, 1954.

For the Government of the United States of America :

(Signed) Michael J. McDERMOTT  
Ambassador of the United States of America

(Signed) George N. BUTLER  
Director, United States Operations Mission in El Salvador

For the Government of El Salvador :

(Signed) Roberto E. CANESSA  
Minister of Foreign Affairs

(Signed) Rafael MEZA AYAU  
Minister of Economy

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