

**No. 3946**

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**UNITED STATES OF AMERICA  
and  
PARAGUAY**

**Agreement relating to the guaranty of private investments.  
Signed at Asunción, on 28 October 1955**

*Official texts: English and Spanish.*

*Registered by the United States of America on 26 July 1957.*

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

**Accord relatif à la garantie des investissements. Signé à  
Assomption, le 28 octobre 1955**

*Textes officiels anglais et espagnol.*

*Enregistré par les États-Unis d'Amérique le 26 juillet 1957.*

No. 3946. AGREEMENT<sup>1</sup> BETWEEN THE GOVERNMENTS OF THE UNITED STATES OF AMERICA AND OF PARAGUAY RELATING TO THE GUARANTY OF PRIVATE INVESTMENTS. SIGNED AT ASUNCION, ON 28 OCTOBER 1955

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Desiring to strengthen the friendly relations which unite the two countries ;

Recognizing that the investment in Paraguay of private capital originating in the United States of America can stimulate the economy of Paraguay, thereby bringing about a rise in its production, and an increase in trade between Paraguay and the United States of America,

And with these objectives, have concluded the following Agreement :

*Article one*

The Governments of Paraguay and of the United States of America agree to consult, at the request of either of them, and to exchange information regarding projects for investment in Paraguay, proposed by nationals of the United States of America, of substantially United States capital, which specifically contain a request for governmental guarantees authorized by Section 413 (b) (4) of the United States Mutual Security Act of 1954, as amended to date, to insure against losses resulting from inconvertibility, confiscation, or expropriation.

*Article two*

The Government of the United States of America or any official agencies that may be designated to handle these matters will not authorize the aforementioned guarantees for any project that does not have the written approval of the Government of Paraguay.

*Article three*

If the Government of the United States of America makes payments in dollars to any person by reason of the aforementioned guarantees, the Government of Paraguay will recognize the subrogation of the United States of America to any right, title, interest, or claims arising therefrom, of such person in property, money, credit, or other property on account of which the said payments have been made.

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<sup>1</sup> Came into force provisionally on 15 November 1955 and definitively on 4 May 1956, the date of receipt by the Government of the United States of America of a notification from the Government of Paraguay of the ratification of the said Agreement, in accordance with article six.

*Article four*

Any sums in Paraguayan currency acquired by the Government of the United States of America pursuant to the subrogations set forth in the foregoing article shall enjoy treatment no less favorable than that accorded in Paraguay to private funds from transactions of United States nationals that are comparable to transactions covered by such guarantees. These sums shall be freely available to the Government of the United States of America for administrative expenses in Paraguay.

*Article five*

Any claims which, as a result of the payments covered by such guarantees, have been subrogated to the Government of the United States of America against the Government of Paraguay shall be the subject of direct negotiations between the two Governments. If the two Governments do not reach an agreement within a reasonable period of time, these claims shall be submitted for final determination to a single umpire selected by common accord.

If the Governments are unable to agree within a period of three months on the selection of an umpire, such umpire shall be designated by the President of the International Court of Justice at the Hague, who may be called upon for that purpose by either Government.

*Article six*

This agreement shall enter into force on the fifteenth day of November of the present year provisionally, subject to its ratification by the constitutional procedures of each of the Contracting Parties.

All obligations, rights, or actions arising by virtue of this agreement shall be valid until their total termination, even though the validity of the present agreement may have expired.

IN WITNESS WHEREOF this agreement is signed, in two copies of the same tenor in the Spanish and English languages, in the City of Asunción, capital of the Republic of Paraguay, on the twenty-eighth day of October of nineteen hundred and fifty-five.

For the Government of the United States of America :

Arthur A. AGETON

Ambassador of the United States of America

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