

No. 3652

**PAKISTAN
and
UNITED STATES OF AMERICA**

**Exchange of notes constituting an investment guarantee
agreement. Washington, 26 May 1955**

Official text: English.

Registered by Pakistan on 10 January 1957.

**PAKISTAN
et
ÉTATS-UNIS D'AMÉRIQUE**

**Échange de notes constituant un accord relatif à la garantie
des investissements. Washington, 26 mai 1955**

Texte officiel anglais.

Enregistré par le Pakistan le 10 janvier 1957.

No. 3652. EXCHANGE OF NOTES CONSTITUTING AN INVESTMENT GUARANTEE AGREEMENT¹ BETWEEN THE GOVERNMENT OF PAKISTAN AND THE GOVERNMENT OF THE UNITED STATES OF AMERICA. WASHINGTON, 26 MAY 1955

I

DEPARTMENT OF STATE
WASHINGTON

May 26, 1955

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 413 (b) (4) of the Mutual Security Act of 1954. I also have the honor to confirm the following understandings reached as a result of these conversations :

1. The Governments of Pakistan and of the United States of America will, upon request of either of them, consult respecting projects in Pakistan proposed by nationals of the United States of America with regard to which guaranties under Section 413 (b) (4) of the Mutual Security Act of 1954 have been made or are under consideration.

2. The Government of the United States of America agrees that it will issue no guaranty with regard to any project unless it is approved by the Government of Pakistan.

3. With respect to such guaranties extending to projects which are approved by the Government of Pakistan in accordance with the provisions of the aforesaid Section 413 (b) (4), the Government of Pakistan agrees :

a. That if the Government of the United States of America makes payment in United States dollars to any person under such guaranty, the Government of Pakistan will recognize the transfer to 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 United States of America to any claim or cause of action, or right of such person arising in connection therewith;

b. That Pakistan rupee 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 to private funds arising from transactions of United States nationals

¹ Came into force on 26 May 1955 by the exchange of the said notes.

which are comparable to the transactions covered by such guaranties, and that such Pakistan rupee 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 Pakistan 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 Pakistan, the Government of the United States of America will consider that this note and your reply thereto constitute an agreement between the 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.

For the Secretary of State :

(Signed) George V. ALLEN

His Excellency Syed Amjad Ali
Ambassador of Pakistan

II

EMBASSY OF PAKISTAN
WASHINGTON, D.C.

26th May, 1955

Sir,

I have the honour to refer to your note of May 26, 1955 which is as follows :

[See note I]

and to state, in behalf of the Government of Pakistan, that the understandings between your Government and mine as stated in your above-quoted note are correct and are hereby confirmed.

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

(Signed) SYED AMJAD ALI

The Honourable the Secretary of State
Washington, D.C.