

No. 5283

**UNITED STATES OF AMERICA
and
EL SALVADOR**

**Agreement relating to the guaranty of private investments.
Signed at San Salvador, on 29 January 1960**

Official texts: English and Spanish.

Registered by the United States of America on 4 August 1960.

**ÉTATS-UNIS D'AMÉRIQUE
et
SALVADOR**

**Accord relatif à la garantie des investissements privés.
Signé à San Salvador, le 29 janvier 1960**

Textes officiels anglais et espagnol.

Enregistré par les États-Unis d'Amérique le 4 août 1960.

No. 5283. AGREEMENT¹ BETWEEN THE GOVERNMENTS OF THE UNITED STATES OF AMERICA AND OF THE REPUBLIC OF EL SALVADOR RELATING TO THE GUARANTY OF PRIVATE INVESTMENTS. SIGNED AT SAN SALVADOR, ON 29 JANUARY 1960

The Governments of the United States of America and of El Salvador, desiring to strengthen the friendly relations which unite the two countries; and

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

AGREEMENT

Article One

The Governments of the United States of America and of El Salvador agree to consult, at the request of either of them, and to exchange information regarding projects for investment in El Salvador of substantially United States capital proposed by nationals of the United States of America, which specifically contain a request for governmental guaranties authorized by the first of these governments in accordance with its laws to insure investors against losses resulting from inconvertibility or expropriation.

Article Two

The Government of the United States of America or any official agencies it may designate to handle these matters will only authorize the guaranties mentioned in Article One for those projects which have had the prior written approval of the Government of El Salvador.

Article Three

If by reason of the aforementioned guaranty relating to expropriation, the Government of the United States of America makes payment in dollars to any person, the Government of El Salvador shall recognize, by that act, the transfer

¹ In accordance with article six, the Agreement came into force on 8 April 1960, the date of the note by which the Government of the United States of America notified the Government of El Salvador that it had received the note in which the latter made known that the said Agreement had been ratified in accordance with the constitutional procedures of the Republic of El Salvador.

to the Government of the United States of America of any right, title or interest which such person may have arising from the investment for which such payment was made, and the subrogation of the Government of the United States of America to any cause of action or claim which such person may have or which may exist in connection therewith.

If by reason of the aforementioned guaranty relating to inconvertibility, the Government of the United States of America makes payments in dollars to any person, the Government of El Salvador shall recognize the transfer, including the subrogation of rights, to the Government of the United States of America, of the colon amounts or credits in colon amounts corresponding to the payment in dollars made by the Government of the United States of America.

Article Four

The Government of the United States of America will immediately inform the Government of El Salvador in writing of any payment made in accordance with the previous articles.

Any colones amounts acquired by the Government of the United States of America pursuant to the subrogation set forth in the foregoing article shall receive treatment no less favorable than that received by the funds of any national of the United States of America in comparable situations.

These funds shall be freely available to the Government of the United States of America for administrative expenses in El Salvador.

Article Five

Any claim which may have been subrogated to the Government of the United States of America as a result of payments covered by such guaranties shall be the subject of direct negotiations between the two governments. Such claim shall be settled or adjudicated in accordance with recognized principles of law. If agreement is not reached within a reasonable period of time, the differences shall be submitted, at the request of either of the Governments, to the examination and decision of an arbitral tribunal in the constitution of which each Government will designate one arbitrator and these two arbitrators, in turn, will designate the third member who will act as President of the Tribunal.

If after a period of two months from the date of the written request for arbitration, either Government fails to designate an arbitrator, the Government which has designated an arbitrator may request the President of the International Court of Justice to designate an arbitrator who, together with the arbitrator designated by the aforementioned Government shall have the power to decide the dispute. If after a period of two months from the date of the written request for arbitration the two Governments have designated arbitrators, but the two designated arbitrators have failed to designate the third member of the arbitral tribunal, the third arbitrator shall be one who may be designated by the President

of the International Court of Justice at the request of either Government.

The determination of the arbitral tribunal shall be final and not subject to appeal.

Article Six

This agreement shall enter into force on the date of the note by which the Government of the United States of America notifies the Government of El Salvador that it has received the note in which the latter makes known that the agreement has been ratified in accordance with the constitutional procedures of the Republic of El Salvador.

This agreement shall remain in force unless either Government shall have given notice in writing to the other of intention to terminate the agreement : and it shall remain in force thereafter until the expiration of 90 days from the date on which such notice shall have been given.

All obligations, rights or actions arising from this agreement prior to its termination shall remain in force beyond the date of termination of this agreement until all obligations in connection with any guaranties issued by the Government of the United States of America in accordance with this agreement shall have been concluded.

IN WITNESS WHEREOF, this agreement is signed in two copies of the same tenor, one in English and the other in Spanish, in the city of San Salvador, Capital of the Republic of El Salvador, on this twenty-ninth day of January, nineteen hundred and sixty.

For the Government
of the United States of America :
Thorsten V. KALIJARVI
Ambassador

For the Government
of the Republic of El Salvador :
A. ORTIZ MANCÍA
Minister of Foreign Affairs

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