

No. 13336

**UNITED STATES OF AMERICA
and
ISRAEL**

**Agreement on the United States—Israel Binational Science
Foundation (with appendix and exchange of letters).
Signed at New York on 27 September 1972**

Authentic text: English.

Registered by the United States of America on 30 May 1974.

**ÉTATS-UNIS D'AMÉRIQUE
et
ISRAËL**

**Accord relatif à la Fondation binationale des sciences États-
Unis – Israël (avec appendice et échange de lettres).
Signé à New York le 27 septembre 1972**

Texte authentique : anglais.

Enregistré par les États-Unis d'Amérique le 30 mai 1974.

AGREEMENT¹ BETWEEN THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND THE GOVERNMENT OF ISRAEL ON THE UNITED STATES — ISRAEL BINATIONAL SCIENCE FOUNDATION

The Government of the United States of America and the Government of Israel,

Recalling the close ties in scientific and technological cooperation which have developed over many years between the two countries,

Recognizing the importance of science and technology in the development of a strong and vigorous national economy,

Convinced that international cooperation in science and technology will strengthen the bonds of friendship and understanding between their peoples and will advance the state of science and technology to the benefit of both countries, as well as mankind generally, and

Convinced of the desirability of establishing a binational mechanism to continue and intensify the cooperation in science and technology between the two countries,

Have agreed as follows:

Article I. ESTABLISHMENT

A. There is hereby established the United States–Israel Binational Science Foundation, hereinafter called the “Foundation”.

B. The base of operation of the Foundation shall be in Israel.

Article II. OBJECTIVE

A. The objective of the Foundation shall be to promote and support cooperation between the United States and Israel in research in science and technology for peaceful purposes on subjects of mutual interest.

B. Cooperation may involve basic or applied research, and may include programs of scientific and technological information.

Article III. FORMS OF COOPERATION

Cooperation in research shall be in the form of cooperative research projects involving scientists and experts from both countries. In connection with a particular research project, such cooperation may include but is not limited to: the exchange of scientists, experts and equipment; the exchange of information, data, research results and techniques; and the organization of joint conferences and seminars.

¹ Came into force on 27 September 1972 by signature, in accordance with article XIV (A).

Article IV. POWERS OF THE FOUNDATION

The Foundation shall have all powers necessary to carry out the objective of the present Agreement, including the power to:

- (1) promote and support, by use of funds or otherwise, cooperative research projects within the limits defined in articles II and III;
- (2) make contracts and grants;
- (3) acquire, hold, administer, and dispose of real and personal property, including patents and copyrights;
- (4) receive, hold, and disburse funds, and open bank accounts as may be necessary;
- (5) accept contributions of property, funds or services; and
- (6) employ personnel.

Article V. BOARD OF GOVERNORS

A. A Board of Governors, hereinafter called the "Board", shall be constituted. The Board shall be the governing body of the Foundation and shall be responsible for determining financial and managerial policies, the subject areas for cooperative research and the research programs of the Foundation. The Board shall have authority to:

- (1) establish its rules of procedure, subject to the provisions of this Agreement;
- (2) establish regulations, subject to the approval of both Governments, defining the policies, organization and procedures of the Foundation;
- (3) appoint and dismiss an Executive Director;
- (4) approve the annual budget and research program of the Foundation, indicating, *inter alia*, the favored subject areas of research and the funds allotted thereto;
- (5) review proposals for individual cooperative research projects calling for commitments in excess of \$50,000 in Israeli pounds and decide on such proposals;
- (6) accept contributions of property, funds or services subject to the approval of both Governments;
- (7) establish the principal office of the Foundation in Israel;
- (8) delegate; and
- (9) exercise any other power possessed by the Foundation not otherwise assigned by this Agreement.

B. The Board shall consist of ten members. Five of these shall be citizens of the United States who shall be appointed by and serve at the pleasure of the Government of the United States, and five shall be citizens of Israel who shall be appointed by and serve at the pleasure of the Government of Israel.

C. The Chairman, Vice-Chairman and Secretary of the Board shall be elected from and by the members. The Chairmanship and Vice-Chairmanship shall not be held in any year by citizens of the same country, and each position shall alternate on an annual basis between a United States and an Israeli member. Subject to paragraph A of article XIV, the members of the Board shall serve for three years and

may be reappointed, except that two of the initial five members from each country shall be appointed for two years. In the event any vacancy occurs by reason of death, incapacity, resignation, or otherwise appointments may be made as provided in paragraph B above.

D. The Board shall normally meet once a year at the principal office of the Foundation, but meetings of the Board may be held at such time and place as the Board may from time to time determine.

E. The Board shall act by vote of at least seven-tenths of the entire membership.

F. Members of the Board shall serve without compensation, but the Board may authorize the payment of the necessary expenses of members in attending meetings of the Board and in performing other official duties.

G. The Board shall provide for annual audits of the accounts of the Foundation by independent auditors, for submission to both Governments. These audits shall certify to the status of financial condition and evaluate the Foundation's system of internal control and auditing.

Article VI. EXECUTIVE COMMITTEE

The Board may establish an Executive Committee of more limited membership to act between meetings of the Board as the Board may authorize.

Article VII. EXECUTIVE DIRECTOR

A. The Executive Director shall be the chief executive officer of the Foundation. He shall be responsible for the operations and staffing of the Foundation. He shall act in accordance with the policies, directives and delegations of the Board.

B. The Executive Director shall employ, oversee and dismiss members of the professional and administrative staff. No citizen of the United States or Israel may be employed except with the approval of his Government. No citizen of a third country may be employed except with the approval of the Government of the United States and the Government of Israel.

C. The Executive Director shall prepare and submit to the Board sixty days before the annual meeting his proposals for the research program of the Foundation for approval and shall take action to implement any decisions of the Board thereon. The Executive Director shall consult with the two Governments as appropriate to assure that projects falling within the research program as submitted would receive the support of the two Governments.

D. The Executive Director shall prepare and submit to the Board proposed annual budgets of the Foundation for approval and shall take action to implement any decisions of the Board thereon.

E. The Executive Director shall have the authority to approve specific cooperative research projects in accordance with the approved research program

and annual budget of the Foundation within a maximum commitment of \$50,000 in Israeli pounds for each such project.

F. The Executive Director shall maintain an appropriate system of internal control, including official books and records sufficient to reflect accurately the transactions of the Foundation and to show currently the financial condition of the Foundation. The internal control system shall include an adequate system of internal audit within the Foundation, which will conduct internal financial and operational audits designed to assure the efficiency and economy of the Foundation. The books and records and internal audit reports will be available for review by authorized representatives of both Governments.

G. The Executive Director shall prepare and submit to the Board a proposed annual report, including a financial statement, on the activities of the Foundation for the approval of the Board and for submission to both Governments.

Article VIII. ROLE OF GOVERNMENTS

Each Government shall stimulate and receive proposals for cooperative research projects from its own governmental or private sectors. The two Governments shall submit such proposals to the Executive Director for his consideration in preparing the research program for submission to the Board. However, non-governmental proposals for cooperative research projects may be presented directly to the Executive Director. The Executive Director before taking any action may submit such proposals to the Governments for review and comment.

Article IX. PUBLICATION

A summary of the results of the cooperative research projects sponsored by the Foundation shall be made available promptly to the public in English and Hebrew. Subject to copyright or patent rights, complete studies and supporting documents shall also be made available in both English and Hebrew, where the expense is warranted.

Article X. FINANCIAL ASPECTS

A. The endowment of the Foundation shall consist of the following:

- (1) \$30,000,000 in Israeli pounds furnished by the Government of the United States;
- (2) \$30,000,000 in Israeli pounds furnished by the Government of Israel.

B. The \$60,000,000 in Israeli pounds shall be deposited by the two Governments on October 1, 1972, in a special account in the Bank of Israel in the name of the Foundation. The deposit of the Government of the United States is conditioned on prior receipt of payments pursuant to paragraph F below.

C. The Government of Israel shall guarantee a basic annual rate of 3.5 percent interest to the Foundation on the funds in the account. The interest income shall be paid on a quarterly basis.

D. The foundation shall use the interest income referred to in paragraph C

above, the contributions referred to in article IV(5), as well as any funds deriving from its activities, for the operations of the Foundation. The endowment of the Foundation may not be drawn upon by the Foundation.

E. The Government of Israel shall permit the Foundation to exchange Israeli pounds for convertible currencies required for the essential expenses outside of Israel of the Foundation and the cooperative research projects sponsored by it.

F. On October 1, 1972, the Government of Israel shall pay to the Government of the United States \$30,000,000 in Israeli pounds by way of acceleration of payments due for the years 1988 to 2001 as set forth in appendix A.

Article XI. MOVEMENT OF PERSONS AND EQUIPMENT

Both Governments shall make every effort to facilitate the movement of persons and equipment involved in this Agreement into and out of their respective countries.

Article XII. EXEMPTIONS

A. United States citizens employed by the Foundation or engaged in cooperative research projects in Israel sponsored by the Foundation, and accompanying members of their families, if such citizens and such members are not permanent residents of Israel, shall be exempt from all Israeli income taxes (including contributions required by the National Insurance Law of Israel), on income derived from the Foundation.

B. Travel by United States and Israeli citizens, who are not permanent residents of Israel, in connection with the official business of the Foundation or in connection with a cooperative research project sponsored by the Foundation shall be exempt from the Israeli travel tax.

Article XIII. OTHER SCIENTIFIC COOPERATION

Nothing in this Agreement shall be construed to prejudice other arrangements for scientific cooperation between the two countries.

Article XIV. ENTRY INTO FORCE AND DURATION

A. This Agreement shall enter into force upon signature and shall remain in force for five years from the date of funding the endowment pursuant to paragraph B of article X, and shall continue thereafter unless terminated by mutual agreement or by one year's notice in writing by either Government to the other Government.

B. In the event of termination of this Agreement, each Government shall be entitled to half the endowment fund. The property of the Foundation shall be sold, and the sale proceeds and any other assets and funds of the Foundation shall, after payment of all obligations, be divided equally between both Governments. However, any copyrights, patents, records or documents of the Foundation shall be disposed of as the Governments may agree.

DONE in duplicate at New York this 27th day of September, 1972.

For the Government of the United States of America:

[Signed — Signé]¹

For the Government of Israel:

PINHAS SAPIR

APPENDIX A

ISRAELI PREPAYMENT OF INSTALLMENTS BECOMING DUE UNITED STATES FISCAL YEAR 1988 TO UNITED STATES FISCAL YEAR 2001

| <i>Loan number</i> | <i>Period covered</i> | <i>Principal amount Israel pounds</i> | <i>Equivalent in U.S. dollars*</i> |
|--------------------|-----------------------|---|--|
| 271-G-043 | 1988-91 | £6,973,650.00 | \$1,660,392.86 |
| 271-G-046 | 1988-92 | 2,381,390.42 | 566,997.72 |
| 271-G-058 | 1988-92 | 5,686,442.58 | 1,353,914.90 |
| 271-G-065 | 1988-93 | 14,978,607.22 | 3,566,335.05 |
| 271-G-073A | 1988-94 | 9,889,090.76 | 2,354,545.42 |
| 271-G-073B | 1988-95 | 10,595,454.41 | 2,522,727.24 |
| 271-G-073C | 1988-96 | 6,571,910.97 | 1,564,740.71 |
| 271-G-106 | 1988-95 | 16,109,940.57 | 3,835,700.14 |
| 271-G-119 | 1988-97 | 24,284,735.77 | 5,782,079.94 |
| 271-G-130 | 1988-01 | 19,860,976.80 | 4,728,804.00 |
| 271-G-015 | 1989-90 | 8,667,800.50 | 2,063,762.02 |
| | | £126,000,000.00 | \$30,000,000.00 |

*The exchange rate used is 4.2 Israel pounds to a U.S.\$1.00.

EXCHANGE OF LETTERS

I

ASSISTANT SECRETARY OF STATE
WASHINGTON, D.C.

September 27, 1972

Dear Mr. Ambassador:

I have the honor to refer to the Agreement on the United States-Israel Binational Science Foundation being signed contemporaneously today, and to confirm on behalf of my Government the following understandings relating to this Agreement:

1. If the two Governments deem it advisable that the Foundation be established as a legal entity so as better to carry out its activities, the two Governments

¹ Signed by William P. Rogers — Signé par William P. Rogers.

will consult together with a view to taking such action as may be mutually agreed to accomplish this end.

2. Cooperative projects sponsored by the Foundation may not be conducted in geographic areas which came under the administration of the Government of Israel after June 5, 1967, and may not relate to subjects primarily pertinent to such areas.

3. The interest referred to in paragraph C of article X shall be adjusted annually in proportion to the change in the Israeli Consumer Price Index in the twelve months preceding the adjustment. The first adjustment shall take place one year after the funding of the Foundation.

4. With reference to article XII, the Government of Israel will use its best efforts to accord exemptions (a) from Israeli income tax and property tax on the Foundation and (b) from Israeli customs, duties, excises, surtaxes and other taxes levied on importation (1) of goods (including furniture, equipment, supplies and scientific and educational articles) intended for the use of the Foundation, and (2) of scientific equipment to be owned by the Foundation and intended for use in a cooperative research project sponsored by the Foundation, and the operating supplies relating to such equipment. Insofar as such exemptions are not accorded, the Government of Israel will reimburse the Foundation for any payments of such taxes.

5. With reference to paragraph B of article XII, permanent residents of Israel, travelling in connection with official business of the Foundation or in connection with a cooperative research project sponsored by the Foundation, will enjoy the same reductions of travel tax as are accorded Israeli scientists employed by institutions of higher learning travelling on behalf of their institutions.

6. If it develops that the Foundation or the projects sponsored by it are affected by lack of additional tax exemptions, the two Governments will consult together with a view to taking such action as may be mutually agreed to remedy the situation.

7. With reference to paragraph B of article XIV, in the event of termination the United States share of the endowment fund shall be refunded by the Government of Israel as follows:

A. If the Foundation is terminated prior to or on June 30, 1988, the refund shall be made in twenty-four (24) equal semi-annual installments beginning on June 30, 1988, with interest paid semi-annually beginning December 31, 1988 at the annual rate of 3.5 per cent on the unpaid balance. However, interest on the refund shall also be paid semi-annually beginning six months from the date of termination at the annual rate of 3.5 per cent, the interest to begin running from the date of termination and continuing until June 30, 1988, but in any event any unpaid interest shall be paid by June 30, 1988.

B. If the Foundation is terminated subsequent to June 30, 1988 and prior to December 31, 1999, the refund shall be made in equal semi-annual installments beginning on the date of termination, with interest paid semi-annually beginning six months from the date of termination at the annual rate of 3.5 per cent on the unpaid balance, but in any event any unpaid balance and interest shall be paid by December

31, 1999. The equal semi-annual installments shall be based on a prorating of the refund over the period from the date of termination to December 31, 1999.

C. If the Foundation is terminated on or subsequent to December 31, 1999, the refund shall be made in full on the date of termination.

D. If at the time of any repayment of principal it appears that a depreciation or appreciation of the Israeli pound against the United States dollar has occurred, there shall be added or deducted from the repayment a sum in Israeli pounds appropriate to maintaining the dollar value, as that value was on October 1, 1972, of the proportion of the amount of the repayment which \$2,063,762 bears to \$30,000,000.

8. With further reference to paragraph B of article XIV the Israeli share of the endowment fund shall be refunded in full to the Government of Israel on the date of termination.

I would appreciate it if you would confirm on behalf of your Government the foregoing understandings and that this letter and your reply constitute an agreement between our two Governments.

Sincerely yours

[Signed]
JOSEPH J. SISCO

His Excellency
Lieutenant General Yitzhak Rabin
Ambassador of Israel

II

EMBASSY OF ISRAEL
WASHINGTON, D.C.

27 September 1972

Dear Mr. Sisco:

I have the honor to acknowledge receipt of your letter of today's date relating to the Agreement on the United States–Israel Binational Science Foundation, and to confirm on behalf of my Government the understandings set forth therein, and that your letter and the present letter in reply constitute an agreement between our two Governments.

[Signed]
Y. RABIN, Lt. Gen. (Res.)
Ambassador

The Honorable Joseph J. Sisco
Ass't Secretary of State
Department of State
Washington, D.C.