

**No. 14525**

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**UNITED STATES OF AMERICA  
and  
SAUDI ARABIA**

**Agreement on guaranteed private investment. Signed at  
Washington on 27 February 1975**

*Authentic texts: English and Arabic.*

*Registered by the United States of America on 31 December 1975.*

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**ÉTATS-UNIS D'AMÉRIQUE  
et  
ARABIE SAOUDITE**

**Accord relatif aux investissements privés garantis. Signé à  
Washington le 27 février 1975**

*Textes authentiques : anglais et arabe.*

*Enregistré par les États-Unis d'Amérique le 31 décembre 1975.*

## AGREEMENT<sup>1</sup> ON GUARANTEED PRIVATE INVESTMENT BETWEEN THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND THE GOVERNMENT OF THE ROYAL KINGDOM OF SAUDI ARABIA

The Government of the United States of America and the Government of the Royal Kingdom of Saudi Arabia agree as follows:

1. In order to increase participation by United States private enterprise in projects bringing new technology to Saudi Arabia, persons eligible under applicable United States legislation may be issued guaranties by the United States Government against loss due to specified risks relating to contracts or investments in Saudi Arabia which are approved by the Government of Saudi Arabia (hereinafter, "guaranties"). The Government of the United States of America agrees that a contract or investment shall be deemed approved for purposes of this Agreement only if entered into with the Government of Saudi Arabia, or an agency thereof, or otherwise approved in accordance with the applicable laws and regulations of Saudi Arabia.

2. The Government of Saudi Arabia agrees that, with respect to guaranties issued in accordance with this Agreement, the Overseas Private Investment Corporation or any similar public agency of the Government of the United States of America which has made payments pursuant to such guaranties or has received assignments in connection therewith shall be recognized as succeeding to the rights of the guaranteed person or firm.

3. (a) Differences between the two Governments concerning the interpretation of the provisions of this Agreement shall be resolved, insofar as possible, through negotiations between the two Governments. If such a difference cannot be resolved within a period of three months following the request for such negotiations, it shall be submitted, at the request of either Government, to an arbitral tribunal for resolution in accordance with paragraph 3 (c).

(b) Any claim, arising out of any contract or investment for which a guaranty has been issued in accordance with this Agreement, against either of the two Governments, which, in the opinion of the other, presents a question of public international law shall, at the request of the Government presenting the claim, be submitted to negotiations. If at the end of three months following the request for negotiations the two Governments have not resolved the claim by mutual agreement, the claim, including the question of whether it presents a question of public international law, shall be submitted, at the request of either Government, to an arbitral tribunal for resolution in accordance with paragraph 3 (c).

(c) The arbitral tribunal for resolution of disputes pursuant to paragraphs 3 (a) and 3 (b) shall be established and function as follows:

- (i) Each Government shall appoint one arbitrator; these two arbitrators shall designate a President by common agreement who shall be a citizen of a third State and be appointed by the two Governments. The arbitrators shall be appointed within two months and the President within three months of the date of receipt of either Government's request for arbitration. If the appointments are not made within the foregoing time limits, either Government may, in the absence of any other agree-

<sup>1</sup> Came into force on 26 April 1975, the date of receipt by the Government of the United States of America of a note from the Government of Saudi Arabia stating that it had been approved in conformity with the applicable laws and procedures of the Government of Saudi Arabia, in accordance with paragraph 5.

ment, request the President of the International Court of Justice to make the necessary appointment or appointments, and both Governments agree to accept such appointment or appointments.

- (ii) The arbitral tribunal shall base its decision on the applicable principles and rules of public international law. The arbitral tribunal shall decide by majority vote. Its decision shall be final and binding. Only the two Governments may request the arbitral procedure and participate in it.
- (iii) Each of the Governments shall pay the expense of its arbitrator and of its representation in the proceedings before the arbitral tribunal; the expenses of the President and the other costs shall be paid in equal parts by the two Governments. The arbitral tribunal may adopt regulations concerning the costs, consistent with the foregoing.
- (iv) In all other matters, the arbitral tribunal shall regulate its own procedures.

4. This Agreement shall continue in force until six months from the date of receipt of a note by which one Government informs the other of an intent no longer to be a party to the Agreement. In such event, the provisions of the Agreement with respect to guaranties issued while the Agreement was in force shall remain in force for the duration of such guaranties, but in no case longer than twenty years after the termination of the Agreement.

5. This Agreement shall enter into force on the date of the note by which the Government of Saudi Arabia confirms to the Government of the United States of America that the Agreement has been approved in conformity with the applicable laws and procedures of the Government of Saudi Arabia.

DONE at Washington, in duplicate, in the English and Arabic languages this twenty-seventh day of February, 1975, corresponding to 16 Safar, 1395 H.

For the Government  
of the United States of America:

[Signed — Signé]<sup>1</sup>

For the Government  
of the Royal Kingdom of Saudi Arabia:

[Signed — Signé]<sup>2</sup>

<sup>1</sup> Signed by William E. Simon — Signé par William E. Simon.

<sup>2</sup> Signed by Muhammad Abu al-Khayl — Signé par Muhammad Abu al-Khayl.