

No. 17484

**UNITED STATES OF AMERICA
and
SAUDI ARABIA**

Project Agreement for technical co-operation in procurement of electrical equipment. Signed at Riyadh on 26 March 1977

Authentic text: English.

Registered by the United States of America on 22 January 1979.

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

Accord de projet relatif à la coopération technique pour l'achat de matériel électrique. Signé à Riyad le 26 mars 1977

Texte authentique : anglais.

Enregistré par les États-Unis d'Amérique le 22 janvier 1979.

PROJECT AGREEMENT¹ BETWEEN THE MINISTRY OF FINANCE AND NATIONAL ECONOMY AND THE SAUDI CONSOLIDATED ELECTRIC COMPANY IN THE EASTERN PROVINCE, KINGDOM OF SAUDI ARABIA, AND THE DEPARTMENT OF THE TREASURY, UNITED STATES OF AMERICA, FOR TECHNICAL COOPERATION IN PROCUREMENT OF ELECTRICAL EQUIPMENT

WHEREAS the Governments of the United States and of the Kingdom of Saudi Arabia entered into a Technical Cooperation Agreement on February 13, 1975,² establishing thereunder the United States–Saudi Arabian Joint Commission on Economic Cooperation (Joint Economic Commission); and

WHEREAS in accordance with the provisions of such Technical Cooperation Agreement a Project Agreement for Technical Cooperation in the Acquisition of Electrical Power Equipment was entered into on November 23, 1975,³ between the United States Department of the Treasury and the Saudi Arabian Ministers of Finance and National Economy, and Industry and Electricity; and

WHEREAS to facilitate the acquisition of the requested equipment the Department of the Treasury entered into further agreements with the General Services Administration (GSA) of the United States Government and with Overseas Advisory Associates, Inc. (OAAI), a non-profit Michigan corporation; and

WHEREAS the acquisition of the requested equipment by GSA, with the assistance of OAAI, has met with the approval of those concerned; and

WHEREAS the Saudi Consolidated Electric Company in the Eastern Province (SCECO), a Saudi Arab public utility corporation principally owned by the Government of Saudi Arabia, from time to time may wish to avail itself of similar assistance by the United States Department of the Treasury, and through it, by GSA and OAAI; and

WHEREAS the Saudi Coordinator to the Joint Economic Commission has advised the Department of the Treasury and SCECO that the Government of Saudi Arabia concurs with and endorses SCECO entering into this Agreement as a Project Agreement under the Technical Cooperation Agreement of February 13, 1975;

Now, THEREFORE, the following is hereby agreed:

Article I. A. The Department of the Treasury will arrange with GSA and with OAAI to provide the assistance contemplated below to be performed by GSA and OAAI. Additionally, the Department of the Treasury will oversee and coordinate the provision to SCECO of such assistance by GSA and OAAI and, itself, will provide such further assistance to SCECO and to them as may be necessary to realize the objects of this agreement.

B. SCECO will arrange with the Arabian American Oil Company (ARAMCO) and, through ARAMCO, with ARAMCO's subsidiary, Aramco Services Company (ASC), to provide the assistance contemplated below to be performed by ARAMCO and ASC.

Article II. A. From time to time, SCECO will request assistance from the Department of the Treasury in the acquisition and procurement of electrical (and associated) equipment, materials and supplies (goods) required by SCECO for its facilities and

¹ Came into force on 26 March 1977 by signature, in accordance with article III (B).

² United Nations, *Treaty Series*, vol. 998, p. 209.

³ *Ibid.*, vol. 1075, p. 299.

operations in Saudi Arabia. Each request will be submitted to the Treasury Department by a writing delivered to the Office of the Director of the Joint Economic Commission in Riyadh. With each such request, SCECO will also deliver to the Office of the Director of the Joint Economic Commission in Riyadh, or elsewhere as mutually may be agreed, that amount of funds in United States Dollars which SCECO estimates to be necessary to defray the actual costs to be incurred in procuring, shipping and transporting the goods to the export terminal designated by SCECO, including all direct and indirect costs incurred by the Department of the Treasury, GSA and OAAI. (If, at any time, the amount estimated and delivered to the Joint Economic Commission by SCECO is regarded as inadequate by the Department of the Treasury or excessive by SCECO, the parties will consult to jointly arrive at a mutually acceptable amount and the amount originally delivered will be adjusted accordingly.) Funds provided by SCECO, as stated above, will be deposited in the Trust Account established by the Technical Cooperation Agreement and the Department of the Treasury will disburse such funds and the earnings thereon for the above purposes, and will account to SCECO therefor from time to time.

B. The procedures agreed upon for the acquisition of electrical goods for SCECO are as follows:

1. Based on technical advice provided by ARAMCO, SCECO will determine the quantities and kinds of goods to be procured and will include such information in the requests mentioned above in paragraph A of this Article II.

2. After receiving each SCECO request from the Department of the Treasury, GSA will prepare a procurement procedure, with assistance from OAAI, insuring that at least five firms will be requested to submit proposals for each kind (i.e., category) of goods required by SCECO, provided there are five firms supplying such goods.

3. GSA will prepare proposal specifications with assistance from OAAI based on requisitions, time/place schedules and specifications provided by SCECO.

4. At SCECO's written request, GSA will submit the proposal specifications to SCECO for SCECO's comments.

5. Thereafter, GSA will proceed with requests to potential suppliers for proposals.

6. GSA will receive proposals from potential suppliers and proceed to evaluation, with assistance from OAAI. When this evaluation has been completed, GSA will make its determinations as to which of the proposals are within the competitive range. GSA/OAAI will prepare and, without revealing the potential supplier's identity, provide to SCECO, on each such proposal, sufficient manufacturing, technical, delivery and general cost data in summary form to enable SCECO to examine and review such data prior to GSA proceeding with final negotiations to make an award.

7. Each contract or purchase agreement placed by GSA will be placed in accordance with GSA established procedures and provide that applicable manufacturer and supplier warranties and guarantees shall be enforceable directly by GSA and/or SCECO.

8. GSA/OAAI will be responsible for inspection and testing, as required, at supplier's premises, and will expedite delivery of goods and documents.

9. Risk of loss and title to goods will pass to SCECO at the time of and upon physical delivery and acceptance of such goods at the export terminal designated by SCECO.

10. GSA will:

(a) Provide to the supplier with the contract or purchase agreement placed by it with such supplier Aramco Services Company's:

(1) Packing specifications (providing supplier is to perform this function, see Exhibit A);*

* Not printed. The exhibits are deposited in the archives of the Department of State where they are available for reference.

- (2) Marking specifications (see Exhibit B);*
- (3) Invoice requirements (see Exhibit C);*
- (4) Request for shipping instructions (see Exhibit D),* to be prepared in duplicate;
- (b) Send the following to Aramco Services Company, 1100 Milam, Houston, Texas 77002, Attention—Traffic Division:
 - (1) A copy of GSA's contract or purchase agreement;
 - (2) A 120-day forecast (availability of cargo over 120 day period) (see Exhibit E)* (this will be used by Aramco Services Company for vessel scheduling and planning);
- (c) Direct the supplier to submit to Aramco Services Company, Traffic Division, the Request for Shipping Instructions (see Exhibit D), together with four advance copies of the invoice certified (as described in Exhibit C) by a local Chamber of Commerce, for designation of consignment address and instructions, vessel name and date by which cargo must arrive at the export terminal;
- (d) Coordinate with Aramco Services Company, Traffic Division, the movement of the cargo to the export terminal to assure timely arrival of the cargo at the export terminal;
- (e) Coordinate with Aramco Services Company, Traffic Division:
 - (1) The containerizing of cargo at supplier's premises or at the export terminal;
 - (2) Questions relative to packing requirements; and
 - (3) Shipping information.

11. Aramco Services Company, either itself or through agents retained by it, will:

- (a) Arrange to have cargo exported to Saudi Arabia;
- (b) Issue all export documentation to move the cargo from the export terminal to Saudi Arabia;
- (c) Keep GSA advised of all arrivals of material at the terminal as well as furnish GSA with any required documentation, including proof of export;
- (d) Obtain all required U.S. export licenses; and
- (e) Arrange to furnish empty containers whenever containerization is to be done at supplier's premises.

Article III. A. Each of the Department of the Treasury and SCECO will designate in writing to the other, sent to the address shown below for the other, those persons authorized to make commitments for the designating party and the extent of their authorities:

Assistant Secretary for International Affairs
Department of the Treasury
Washington, D.C.
Managing Director
Saudi Consolidated Electric Company (SCECO)
c/o Arabian American Oil Company
Dhahran, Saudi Arabia.

B. This Agreement sets forth the full agreement reached by the parties and no provisions, understandings or undertakings not set forth herein shall have any force or effect. This Agreement shall become effective after signature by representatives of the parties and shall remain in effect until terminated by any party to this Agreement, giving

* Not printed. The exhibits are deposited in the archives of the Department of State where they are available for reference.

60 days written notice thereof to the other, or until the termination of the Technical Cooperation Agreement, whichever occurs first, provided, however, that if in either case there is outstanding any request mentioned above in paragraph A of Article II, this Agreement shall continue in effect until all of the goods covered by such request have been acquired.

C. This Agreement shall be amended only in writing and by mutual agreement of the parties.

D. If any party to this Agreement is rendered unable because of *force majeure* to perform its responsibilities under this Agreement, these responsibilities shall be suspended during the period of continuance of such inability. The term *force majeure* as used herein means acts of God, acts of the public enemy, war, civil disturbances, and other similar events not caused by nor within the control of either party, and includes any such similar acts or events which render GSA or OAAI unable to perform their responsibilities to the Department of the Treasury, or which render ARAMCO or (through ARAMCO) ASC unable to perform their responsibilities to SCECO. During the period of suspension of performance caused by *force majeure*, the Department of the Treasury may continue to expend funds advanced by SCECO to cover past or necessary continuing expenses of GSA and OAAI under their agreements with the Department of the Treasury.

E. Upon the request of any party to this Agreement, the Department of the Treasury and SCECO shall consult together regarding any matter relating to this Agreement and shall endeavour jointly in a spirit of cooperation and mutual trust to resolve any difficulties that may arise. SCECO agrees that no claim will be brought against the Government of the United States or its employees as a result of services furnished under this Agreement.

Dated this twenty-sixth day of March 1977

United States of America,
Department of Treasury:

[Signed — Signé]¹

Director (U.S. Representation)
Saudi Arabian–United States
Joint Commission
on Economic Cooperation

Kingdom of Saudi Arabia,
Saudi Consolidated Electric Company
in the Eastern Province:

[Signed]

USTADH MAHMOUD TAIBA
Chairman of the Board

Ministry of Finance and National
Economy:

[Signed]

Dr. MANSOOR AL-TURKI
Saudi Coordinator
Saudi Arabian–United States
Joint Commission
on Economic Cooperation

¹ Signed by John Hummon — Signé par John Hummon.