

No. 18918

**UNITED STATES OF AMERICA
and
EGYPT**

**Agreement concerning the settlement of official claims of
the Government of the United States (with exchange of
notes). Signed at Cairo on 19 May 1979**

Authentic text: English.

Registered by the United States of America on 12 June 1980.

**ÉTATS-UNIS D'AMÉRIQUE
et
ÉGYPTE**

**Accord concernant les réclamations officielles du Gouverne-
ment des États-Unis (avec échange de notes). Signé au
Caire le 19 mai 1979**

Texte authentique : anglais.

Enregistré par les États-Unis d'Amérique le 12 juin 1980.

CLAIMS OF THE GOVERNMENT OF THE UNITED STATES — AGREEMENT¹ BETWEEN THE UNITED STATES OF AMERICA AND EGYPT

Signed at Cairo May 19, 1979

AGREEMENT between the GOVERNMENT OF THE UNITED STATES OF AMERICA and the GOVERNMENT OF THE ARAB REPUBLIC OF EGYPT concerning official claims of the Government of the United States.

The Government of the United States of America and the Government of the Arab Republic of Egypt, being desirous of effecting a settlement of the official claims of the Government of the United States against the Arab Republic of Egypt, and desiring further to advance friendly cooperation and beneficial economic relations between the two countries in the context of the 1976 Agreement between the two Governments concerning claims of nationals of the United States,² have agreed as follows:

Article I. 1. With regard to the CARE and CRS (Catholic Relief Services) programs in Egypt which were interrupted in July, 1967, the Government of the Arab Republic of Egypt (hereinafter referred to as the Egyptian Government) agrees to pay, and the Government of the United States agrees to accept, the sum of U.S. \$2,940,000.00 (two million and nine hundred and forty thousand) in Egyptian pounds in full settlement and discharge of these claims by the Government of the United States against the Egyptian Government.

2. The Government of the United States undertakes to maintain the compensation paid by the Egyptian Government in accordance with paragraph 1 above in Egyptian pounds in a special account at the Central Bank of Egypt, Cairo, and to utilize such compensation only for agricultural development programs in Egypt for the benefit of the Egyptian people consonant with P.L. 480 purposes in accordance with applicable United States laws and regulations.

3. Arrangements for implementation of the programs contemplated in this Article shall be made by mutual agreement of agencies or authorities designated by both Governments for this purpose.

Article II. 1. With regard to damage sustained by the Government of the United States to its real properties in Egypt due to demonstrations in 1967 and other official claims, the Egyptian Government agrees to pay, and the Government of the United States agrees to accept, the sum of \$2,400,000 (two million and four hundred thousand) in United States currency in full settlement and discharge of these claims by the Government of the United States against the Egyptian Government.

2. The claims which are referred to in paragraph 1 of this Article are the following:

- A) Alexandria: Consulate General Building and movable property;
- B) Alexandria: Former USIS Library and movable property;

¹ Came into force on 5 November 1979, upon an exchange of notes stating each Government's final approval, in accordance with article VII.

² United Nations, *Treaty Series*, vol. 1070, p. 25.

- C) Port Said: U.S. Consulate property and movable property;
- D) Cairo: Ghalli Pasha property in Giza; and
- E) In the Matter of S.S. *Suzanne*.

Article III. 1. Payment by the Egyptian Government of the sum of United States \$2.94 million in Egyptian currency as provided in Article I, and the sum of \$2.4 million in United States currency as provided in Article II, of the present Agreement shall be made to the Government of the United States in five annual installments.

2. With regard to payment of compensation under Article II above, the first installment of \$400,000.00 (four hundred thousand) shall be paid on the tenth day of January 1980, and thereafter four equal installments of \$500,000.00 (five hundred thousand) each to be paid on the same dates commencing on the tenth day of January 1981.

3. Payment of compensation in United States currency as provided in Article II and Article III, paragraphs 1 and 2, above shall be made to the United States Department of State, Washington, D.C.

4. Payment of compensation in Egyptian pounds as provided in Article I in installments of U.S. \$588,000 (five hundred and eighty-eight thousand) in Egyptian pounds each shall be made to the American Ambassador at Cairo, Egypt, or by transfer to the special account stated in Article I, paragraph 2 above. The first installment shall be paid on the tenth day of January 1980 and thereafter to be paid on the same dates commencing on the tenth day of January 1981.

Article IV. For the purposes of the present Agreement the term "Government of the United States" shall include its departments, agencies and designated authorities and persons in accordance with United States law.

Article V. For the purposes of the present Agreement the value of the Egyptian pound is specified at United States \$1.42 (one dollar and forty-two cents).

Article VI. 1. With regard to the official claims of the Government of the United States covered by the present Agreement, the provisions of this agreement shall supersede any provisions to the contrary contained in the Agreed Minute annexed to the 1976 agreement concerning claims of United States nationals against the Egyptian Government regarding the same matter.

2. The Government of the United States declares that full payment of the compensation by the Egyptian Government in accordance with Articles I, II and III of the present Agreement shall fully discharge the Egyptian Government from its obligations and liabilities to the Government of the United States with regard to the official claims covered by this Agreement. Further, the Government of the United States shall not hereafter present any additional official claims against the Egyptian Government concerning any matters or transactions which arose after January 1, 1952, and before the entry into force of this Agreement, except for any official claim or matter which at the time of entry into force of this Agreement are still pending or outstanding under separate agreements or arrangements.

Article VII. The present Agreement shall enter into force upon an exchange of Notes stating each Government's final approval of the Agreement.

IN WITNESS WHEREOF the undersigned, being duly authorized thereto by their respective Governments have signed the present Agreement.

DONE at Cairo, Egypt, this 19th day of May, 1979.

For the Government
of the United States:

[Signed]

Ambassador HERMANN FR. EILTS

For the Government
of the Arab Republic of Egypt:

[Signed]

Ambassador SALAH EL-DIN HASSAN
Undersecretary,
Ministry of Foreign Affairs

EXCHANGE OF NOTES

I

Cairo, May 19, 1979

Excellency:

I have the honor to refer to negotiations held in Cairo, Egypt, during the period April 2 – May 19, 1979, between representatives of the Governments of the United States and of the Arab Republic of Egypt concerning United States claims against the Egyptian Government.

In the course of these negotiations, with regard to the claims of United States nationals against the Egyptian Government based on contract and debt obligations, which had been reserved in the Agreed Minute annexed to the 1976 agreement on private claims signed on May 26, 1976,* and which entered into force on October 26, 1976, the Government of the Arab Republic of Egypt reiterated its position that under the International Law principle of exhaustion of local remedies, the Government of the United States had no standing to present such claims as a matter of law against the Egyptian Government because the United States claimants had not exhausted their available local remedies in Egyptian administrative agencies, tribunals and courts, including the highest court of appeal.

However, in view of the good and close relations existing between our two countries, and purely as a matter of grace and as a gesture of goodwill, without in any manner admitting legal liability and without prejudice to its legal position stated above, the Government of the Arab Republic of Egypt is prepared to make an *ex gratia* payment in the amount of \$100,000.00 (one hundred thousand) in full settlement of all such contractual and debt claims against the Egyptian Government which arose after January 1, 1952, and before the entry into force of this Agreement. This amount shall be added in full to the first installment of \$400,000.00 (four hundred thousand) to be paid by the Egyptian Government for official claims under Articles II and III of the agreement concerning these claims.

The Government of the United States declares that full payment of the amount referred to in this Agreement shall fully discharge the Egyptian Government from its obligations and liabilities to nationals of the United States in respect of all contractual and debt-claims referred to in this Agreement whether or not they have been brought to the attention of the Egyptian Government.

* Should read "May 1, 1976".

Following upon the discharge of its obligations and liabilities to nationals of the United States referred to in this Agreement, the Egyptian Government shall subrogate to all the legal rights and interests in properties involved in such claims in the place and stead of the claimants concerned.

After the entry into force of this Agreement, the Government of the United States will neither espouse nor present to the Egyptian Government the claims of nationals of the United States which have been settled by this Agreement. In the event that such claims are presented by nationals of the United States directly against the Egyptian Government, the Egyptian Government will refer them to the Government of the United States.

With a view to protecting the Egyptian Government from further potential claims which may be asserted through third countries, or otherwise, with respect to the same claims settled by this Agreement, the Government of the United States will, upon the written request of the Egyptian Government, furnish and supply to the Egyptian Government copies of such formal statement of claims as might have been made by nationals of the United States who are claimants, and copies of decisions with respect to the validity and amounts of such claims.

For the purposes of this Agreement, the value of the Egyptian pound is specified at U.S. \$1.42 (one dollar and forty-two cents).

The present Agreement shall enter into force upon an exchange of Notes stating each Government's final approval of the Agreement.

I will be grateful if Your Excellency would confirm that the Government of the United States accepts the offer of *ex gratia* payment under the conditions stated, and that my letter and your reply to that effect shall together constitute an agreement between our two Governments regarding this matter.

Accept, Excellency, the assurances of my highest consideration.

[Signed]

Ambassador SALAH EL-DIN HASSAN
Undersecretary
Ministry of Foreign Affairs

His Excellency Hermann Fr. Eilts
Ambassador of the United States of America
Cairo

II

EMBASSY OF THE UNITED STATES OF AMERICA
CAIRO, EGYPT

May 19, 1979

Excellency:

I have the honor to acknowledge the receipt of your letter of today's date which reads as follows:

[See note I]

I have the honor to inform you that the Government of the United States accepts the offer of the Government of the Arab Republic of Egypt of *ex gratia* payment under the conditions stated and that your letter and my reply of today's date shall together constitute the agreement of our two Governments concerning the matter.

Accept, Excellency, the assurances of my highest consideration.

[Signed]

HERMANN FREDERICK EILTS
American Ambassador

His Excellency Salah El-Din Hassan
Undersecretary
Ministry of Foreign Affairs
Cairo
