

**No. 20330**

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**FEDERAL REPUBLIC OF GERMANY  
and  
SAUDI ARABIA**

**Agreement on legal representation of guaranteed private investment (with exchange of letters). Signed at Bonn on 2 February 1979**

*Authentic texts: German, Arabic and English.*

*Registered by the Federal Republic of Germany on 7 August 1981.*

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**RÉPUBLIQUE FÉDÉRALE D'ALLEMAGNE  
et  
ARABIE SAOUDITE**

**Accord relatif à un droit de substitution pour les investissements privés garantis (avec échange de lettres). Signé à Bonn le 2 février 1979**

*Textes authentiques : allemand, arabe et anglais.*

*Enregistré par la République fédérale d'Allemagne le 7 août 1981.*

## AGREEMENT<sup>1</sup> ON LEGAL REPRESENTATION OF GUARANTEED PRIVATE INVESTMENT BETWEEN THE GOVERNMENT OF THE FEDERAL REPUBLIC OF GERMANY AND THE GOVERNMENT OF THE KINGDOM OF SAUDI ARABIA

The Government of the Federal Republic of Germany and the Government of the Kingdom of Saudi Arabia agree as follows:

1. In order to increase participation by Federal Republic of Germany private enterprise in projects bringing new technology to Saudi Arabia, persons eligible under applicable Federal Republic of Germany legislation may be issued guarantees by the Government of the Federal Republic of Germany 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 Federal Republic of Germany 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 Government of the Federal Republic of Germany or any public agency of the Government of the Federal Republic of Germany 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 claims 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

<sup>1</sup> Came into force on 15 March 1980 by the exchange of the instruments of ratification in conformity with the applicable laws and procedures of both countries, in accordance with paragraph 5.

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 agreement, 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 procedure.

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 exchange of documents ratifying this Agreement by the Government of the Federal Republic of Germany and the Government of Saudi Arabia in conformity with the applicable laws and procedures of both countries.

6. This Agreement shall also apply to Land Berlin, provided that the Government of the Federal Republic of Germany does not make a contrary declaration to the Government of the Kingdom of Saudi Arabia within three months of the date of entry into force of this Agreement.

DONE at Bonn on 2 February 1979 in duplicate in the German, Arabic and English languages, all three texts being authentic. In case of divergent interpretations of the German and Arabic texts the English text shall prevail.

For the Government  
of the Federal Republic of Germany:

The State Secretary  
in the Federal Foreign Office,

[Signed]

PETER HERMES

The Federal Minister of Economics,

[Signed]

OTTO GRAF LAMBSDORFF

For the Government  
of the Kingdom of Saudi Arabia:

The Minister of Finance  
and National Economy,

[Signed]

MOHAMMED ABALKHAIL

Excellency,

I have the honour to acknowledge receipt of Your Excellency's letter dated this day the second of February 1979, which reads as follows:

“On signing the Agreement on legal representation of guaranteed private investment between the Government of the Federal Republic of Germany and the Government of the Kingdom of Saudi Arabia, the undersigned plenipotentiaries have, in addition, agreed on the following provision which should be regarded as an integral part of the said agreement: Investments in the Kingdom of Saudi Arabia made by the Deutsche Gesellschaft für wirtschaftliche Zusammenarbeit (Entwicklungsgesellschaft) mbH, Cologne, a development company totally owned by the Federal Republic of Germany, shall for the purpose of this Agreement be treated in the same way as if they were guaranteed by the Government of the Federal Republic of Germany in accordance with sections 1 and 2 of the above Agreement.”

Accept, Excellency, the assurance of my highest consideration.

MOHAMMED ABALKHAIL  
Minister of Finance  
and National Economy