

No. 21

American Embassy,
Tel Aviv, August 7, 1952.

Excellency:

I have the honor to refer to conversations which have recently taken place between representatives of our two Governments relating to the industrial investment guaranty program pursuant to the terms of section 111 of the Economic Cooperation Act of 1948, as amended, and to confirm the understandings reached as a result of these conversations as follows:

The Governments of Israel and of the United States of America will, upon request of either of them, consult respecting investments in Israel made or proposed by nationals of the United States of America who have applied for guaranties under Section 111 (b) (3) of the Economic Co-operation Act of 1948, as amended, and whose investments have been approved by the Government of Israel for the purpose of such guaranties. With respect to such guaranties the Government of Israel agrees:

A. That if the Government of the United States of America makes payment in United States dollars to any person under any such guaranty the Government of Israel will recognize transfer to the United States of any right, title or interest of such persons in assets, currency, credits, or other property on account of which
such

His Excellency
Moshe Sharett,
Minister for Foreign Affairs
of the State of Israel.

such payment was made and subrogation of the United States to any claim or cause of action of such person arising in connection therewith. The Government of Israel shall also recognize any transfer to the Government of the United States of America pursuant to such guaranty of any compensation for loss covered by such guaranties received from any source other than the Government of the United States of America;

B. That Israel pounds acquired by the Government of the United States of America pursuant to such guaranties shall be accorded treatment not less favorable than that accorded, at time of such acquisition, to private funds arising from transactions of United States nationals which are comparable to the transactions covered by such guaranties, and that such Israel pounds will be freely available to the Government of the United States of America for administrative expenditures;

C. That any claim against the Government of Israel, to which the Government of the United States of America may be subrogated as result of any payment under such a guaranty, shall be the subject of direct negotiations between the two Governments. If, within a reasonable period, they are unable to settle the claim by agreement, it shall be referred for final and binding determination to a sole arbitrator selected by mutual agreement. If the Governments are unable, within a period of three months, to agree upon such selection, the arbitrator shall be one who may be designated by the President of The International Court of Justice at the request of either Government.

Upon receipt of a note from Your Excellency indicating that the foregoing provisions are acceptable to the Government of Israel, the Government of the United States of America will consider that this note and your Excellency's reply thereto constitute an agreement
between the

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between the two Governments on this subject which shall enter into force on the date of Your Excellency's note in reply.

Please accept, Excellency, the renewed assurances of my highest consideration.

A handwritten signature in cursive script, reading "Gannet B. Davis". The signature is written in dark ink and is centered on the page.

71-710.

C O P Y

Hakirya, 8 August, 1952.

Excellency,

I have the honour to acknowledge receipt of Your Excellency's Note No. 21, dated 7 August, 1952, relating to the industrial investment guaranty program pursuant to the terms of Section 111 of the Economic Co-operation Act of 1948, as amended, and to confirm that the provisions set forth in that Note are acceptable to the Government of Israel, which consider's Your Excellency's Note and this reply as constituting an agreement between the two Governments on this subject, entering into force on this date.

Accept, Excellency, the renewed assurances of my most distinguished consideration.

(Sgd.) Moshe Sharet
Minister for Foreign Affairs

His Excellency
Mr. Monnet B. Davis,
United States Ambassador,
Tel Aviv.



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[Handwritten signature]

UNITED STATES OF AMERICA
TECHNICAL COOPERATION ADMINISTRATION

Tel-Aviv,
August 20, 1952.

Dear Joe:

I am enclosing for your files a copy of a Memorandum of Conference on the Investment Guaranty which was held in Mr. Comay's office at 3:30 p.m., August 4, 1952.

You will recall that the preparation of the memorandum was suggested by me and agreed to by the conferees.

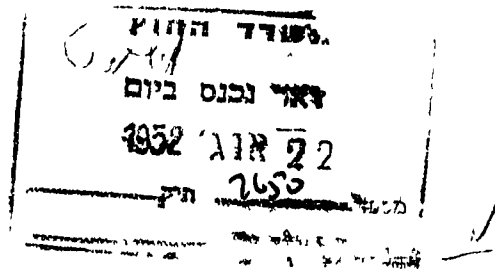
Sincerely yours,

Virgil Van Street

Virgil Van Street
Legal Counsel, TCA in Israel

Enclosure:
Memorandum of Conference

Joseph Takoah, Esquire,
Legal Advisor,
Ministry of Foreign Affairs,
Hakiryah.





Israel

MEMORANDUM OF CONSULTATION

ON INVESTMENT GUARANTEE

AT 10 FOREIGN MINISTRY 3:30 P. M.

August 4, 1952

Messrs. Jones, Morgan and the writer met with Messrs. Comay, Taksoah and Bender in Mr. Comay's office to conclude, if possible, negotiations on the Investment Guaranty exchange of notes. In a previous meeting, the I. G. representatives had objected to the following provision in the draft note:

"The Governments of Israel and of the United States of America will, upon request of either of them, consult respecting projects in Israel proposed by nationals of the United States of America with regard to which guaranties under Section III (b) (3) of the Economic Cooperation Act of 1948, as heretofore amended, have been made or are under consideration. With respect to such guaranties extending to projects which are approved by the Government of Israel, in accordance with the provisions of the aforesaid Section, the Government of Israel agrees."

and, pursuant to that objection, had submitted the following provision in substitution for the foregoing:

"The Governments of Israel and of the United States of America will, upon request of either of them, consult respecting investments in Israel made or proposed by nationals of the United States of America who have applied for guaranties under Section III (b) (3) of the Economic Co-operation Act of 1948, as amended, and whose investments have been approved by the Government of Israel for the purpose of such guaranties. With respect to such guaranties the Government of Israel agrees."

At the beginning of this meeting, the writer asked if the proposed substitution was intended to be a bar to informal talks between the two Governments on Investment Guaranty matters during the pendency of applications with the I. G. Investment Center.

Mr. Comay stated it was not so intended and that, as a matter of fact, informal talks might well inure to the mutual benefit of the two Governments.* This position was accepted without reservation by all present.

The writer pointed out that the United States' interest in any application would not stem from an interest in an individual investor

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but, rather, would be based on the type of investment and its possible contribution to the I. G. economy as an adjunct of U. S. aid.

At the writer's suggestion, it was agreed that such a memorandum as this would be prepared for the files of the two Governments to serve as a guide to subsequent interested persons as to the appropriate interpretation that was intended to be placed on the substituted provision. On the basis of this understanding, the provision was accepted by the U. S. negotiators.

August 5, 1952


Virgil Van Street