

## INVESTMENT GUARANTIES

**Agreement Between the  
UNITED STATES OF AMERICA  
and PAKISTAN**

Signed at Islamabad November 18, 1997



NOTE BY THE DEPARTMENT OF STATE

Pursuant to Public Law 89—497, approved July 8, 1966  
(80 Stat. 271; 1 U.S.C. 113)—

“ . . . the Treaties and Other International Acts Series issued under the authority of the Secretary of State shall be competent evidence . . . of the treaties, international agreements other than treaties, and proclamations by the President of such treaties and international agreements other than treaties, as the case may be, therein contained, in all the courts of law and equity and of maritime jurisdiction, and in all the tribunals and public offices of the United States, and of the several States, without any further proof or authentication thereof.”

## **PAKISTAN**

### **Investment Guaranties**

*Agreement signed at Islamabad November 18, 1997;  
Entered into force January 28, 1998.*

**INVESTMENT INCENTIVE AGREEMENT  
BETWEEN  
THE GOVERNMENT OF  
THE UNITED STATES OF AMERICA  
AND  
THE GOVERNMENT OF  
ISLAMIC REPUBLIC OF PAKISTAN**

**THE GOVERNMENT OF THE UNITED STATES OF  
AMERICA AND THE GOVERNMENT OF THE ISLAMIC  
REPUBLIC OF PAKISTAN**

**AFFIRMING** their common desire to encourage economic activities in Pakistan that promote the development of the economic resources and productive capacities of Pakistan; and

**RECOGNIZING** that this objective can be promoted through investment support provided by the Overseas Private Investment Corporation ("OPIC"), a development institution and an agency of the United States of America, in the form of investment insurance and reinsurance, debt and equity investments and investment guarantees;

**HAVE AGREED** as follows:

**ARTICLE 1**

As used in this Agreement, the following terms have the meanings herein provided. The term "Investment Support" refers to any debt or equity investment, any investment guarantee and any investment insurance or reinsurance which is provided by the Issuer in connection with a project in the territory of Pakistan. The term "Issuer" refers to OPIC and any successor agency of the United States of America, and any agent of either. The terms "Taxes" means all present and future taxes, levies, imposts, stamps, duties and charges imposed by the Government of Pakistan and all liabilities with respect thereto.

**ARTICLE 2**

(a) The Issuer shall not be subject to regulation under the laws of Pakistan applicable to insurance or financial organizations.

(b) All operations and activities undertaken by the Issuer in connection with any Investment Support, and all payments, whether of interest, principal, fees, dividends, premiums, the proceeds from the liquidation of assets (subject, in the case of liquidation of assets in the winding up or dissolution of any company, to the payment of Taxes owed by that company), or of any other nature, that are made, received or guaranteed by the Issuer in connection with any Investment Support shall be exempt from Taxes. The Issuer shall not be subject to any Taxes

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in connection with any transfer, succession or other acquisition which occurs pursuant to paragraph (c) of this Article or Article 3 (a) hereof. Any project in connection with which Investment Support has been provided shall be accorded tax treatment no less favorable than that which is accorded at any time while such Investment Support is in effect to commercial or private sector projects benefitting from the investment support programmes of any other national (other than Pakistani national) or multilateral development institution which operates in Pakistan, except to the extent that such other institution is entitled to more favorable tax treatment under the terms of an agreement for the avoidance of double taxation concluded between Pakistan and any other country.

(c) If the issuer makes a payment to any person or entity, or exercises its rights as a creditor or subrogee, in connection with any Investment Support, the Government of Pakistan shall recognize the transfer to, or acquisition by, the Issuer of any cash, accounts, credits, instruments or other assets in connection with such payment or the exercise of such rights, as well as the succession of the Issuer to any right, title, claim, privilege or cause of action existing, or which may arise, in connection therewith.

(d) With respect to any interests transferred to the Issuer or any interests to which the Issuer succeeds under this Article, the Issuer shall assert no greater rights than those of the person or entity from whom such interests were received, provided that nothing in this Agreement shall limit the right of the Government of the United States of America to assert a claim under international law in its sovereign capacity, as distinct from any rights it may have as the Issuer pursuant to paragraph (c) of this Article.

### ARTICLE 3

(a) Amounts in the currency of Pakistan, including cash, accounts, credits, instruments or otherwise, acquired by the Issuer upon making a payment, or upon the exercise of its rights as a creditor, in connection with any Investment Support provided by the Issuer for a project in Pakistan, shall be accorded treatment in the territory of Pakistan no less favourable as to use and conversion than the treatment to which such funds would have been entitled in the hands of the person or entity from which the Issuer acquired such amounts.

(b) Such currency and credits may be transferred by the Issuer to any person or entity that is permitted to hold such currency under the laws of Pakistan and upon such transfer shall be freely available for use by such person or entity in the territory of Pakistan in accordance with its laws.

#### ARTICLE 4

(a) Any dispute between the Government of the United States of America and the Government of Pakistan regarding the interpretation of this Agreement or which, in the opinion of either party hereto, presents a question of international law arising out of any project or activity for which Investment Support has been provided shall be resolved, insofar as possible, through negotiations between the two Governments. If, six months following a request for negotiations hereunder, the two Governments have not resolved the dispute, the dispute, including the question of whether such dispute presents a question of international law, shall be submitted, at the initiative of either Government, to an arbitral tribunal for resolution in accordance with paragraph (b) of this Article.

(b) The arbitral tribunal referred to in paragraph (a) of this Article shall be established and shall function as follows:

(i) Each Government shall appoint one arbitrator. These two arbitrators shall by agreement designate a President of the tribunal who shall be a citizen of a third state and whose appointment shall be subject to acceptance by the two Governments. The arbitrators shall be appointed within three months, and the President within six 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 agreement, request the Secretary-General of the International Centre for the Settlement of Investment Disputes to make the necessary appointment or appointments. Both Governments hereby agree to accept such appointment or appointments.

(ii) Decisions of the arbitral tribunal shall be made by majority vote and shall be based on the applicable principles and rule of international law. Its decision shall be final and binding.

(iii) During the proceedings, each Government shall bear the expense of its arbitrator and of its representation in the proceedings before the tribunal, whereas the expenses of the president and other costs of the arbitration shall be paid in equal parts by the two Governments. In its award, the arbitral tribunal may reallocate expenses and costs between the two Governments.

(iv) In all other matters, the arbitral tribunal shall regulate its own procedures.

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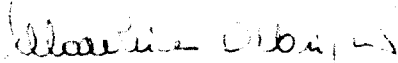
## ARTICLE 5

(a) This Agreement shall enter into force on the date on which the Government of Pakistan notifies the Government of the United States of America that all legal requirements for entry into force of this Agreement have been fulfilled. Upon so entering into force, this Agreement shall replace and supersede the agreement between the United States of America and Pakistan on the Guarantee of Private Investments effected by exchange of notes signed at Washington on May 26, 1955, as supplemented by an exchange of notes signed at Rawalpindi and Islamabad on March 27, 1968, and a memorandum of understanding signed at Islamabad on March 27, 1968, and any matter relating to Investment Support or otherwise pending under such agreement shall be treated or disposed of under the terms of this Agreement.

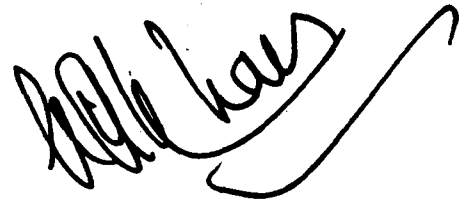
(b) This Agreement shall continue in force until six months from the date of receipt of a note by which one Government informs the other of an intent to terminate this Agreement. In such event, the provisions of this Agreement shall, with respect to Investment Support provided while this Agreement was in force, remain in force so long as such Investment Support remains outstanding, but in no case longer than twenty years after the termination of this Agreement.

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

DONE at Islamabad, Islamic Republic of Pakistan, on the 18th day of November, 1997, in the English language.



(MADELEINE K. ALBRIGHT)  
U.S. SECRETARY OF STATE  
FOR THE GOVERNMENT OF  
THE UNITED STATES OF  
AMERICA



(GOHAR AYUB KHAN)  
MINISTER FOR FOREIGN AFFAIRS  
FOR THE GOVERNMENT OF  
THE ISLAMIC REPUBLIC OF  
PAKISTAN.