



MINISTRY OF FOREIGN AFFAIRS

P. O. BOX N-3746

NASSAU, BAHAMAS

27 September, 1984

No. 420

The Ministry of Foreign Affairs of The Commonwealth of The Bahamas presents its compliments to the Embassy of the United States of America and has the honour to refer to the Embassy's Note No. 42 dated 5 April, 1983 in which the Government of the United States expressed its desire to conclude an Investment Insurance Incentive Agreement with the Government of The Bahamas.

The Ministry is pleased to inform the Embassy that the appropriate Bahamian Authorities have approved the text of the Agreement as proposed.

The Ministry of Foreign Affairs of The Commonwealth of The Bahamas avails itself of this opportunity to renew to the Embassy of the United States of America the assurances of its highest consideration.

Embassy of the United States of America
Queen Street
Nassau, Bahamas



MINISTRY OF FOREIGN AFFAIRS
Nassau, Bahamas

27 September, 1984.

No. 419

Excellency,

I have the honour to acknowledge receipt of Your Excellency's Note No. 42 of 5th April, 1983, which reads as follows:

"I have the honor to refer to conversations which have taken place between representatives of our two Governments relating to economic activities in The Bahamas which promote the development of the economic resources and productive capacities of The Bahamas and to investment insurance (including reinsurance) and guaranties which are backed in whole or in part by the credit or public monies of the United States of America and are administered either directly by the Overseas Private Investment Corporation ("OPIC"), an independent government corporation organized under the laws of the United States of America, or pursuant to arrangements between OPIC and commercial insurance, reinsurance and other companies. I have the honor to transmit the following proposed language of an Overseas Private Investment Corporation ("OPIC") Agreement between our two Governments.

ARTICLE 1

As used herein, the term "Coverage shall refer to any investment insurance, reinsurance or guaranty which is issued in accordance with this agreement by OPIC, by any successor agency of the United States of America or by any other entity or group of entities,

pursuant to arrangements with OPIC or any successor agency, all of whom are hereinafter deemed included in the term "Issuer" to the extent of their interest as insurer, reinsurer, or guarantor in any Coverage, whether as a party or successor to a contract providing Coverage or as an agent for the administration of Coverage.

ARTICLE 2

The procedures set forth in this Agreement shall apply only with respect to Coverage relating to projects or activities registered with or otherwise approved by the Government of The Bahamas or to Coverage relating to projects with respect to which the Government of The Bahamas, or any agency or political subdivision thereof, has entered into a contract involving the provision of goods or services.

ARTICLE 3

(a) If the Issuer makes payment to any party under Coverage, the Government of The Bahamas shall, subject to the provisions of Article 4 hereof, recognize the transfer to the Issuer of any currency, credits, assets, or investment on account of which payment under such Coverage is made 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.

(b) The Issuer shall assert no greater rights than those of the transferring party under Coverage with respect to any interests transferred or succeeded to under this Article. 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 Issuer.

(c) The issuance of Coverage outside of The Bahamas with respect to a project or activity in The Bahamas shall not subject the Issuer to regulation under the laws of The Bahamas applicable to insurance or financial organizations.

(d) Funds introduced or acquired in The Bahamas or withdrawn from The Bahamas by the Issuer shall be exempt from all taxes upon income, real property or sales, from customs duties, and from any other similar taxes or levies in The Bahamas.

ARTICLE 4

To the extent that the laws of The Bahamas partially or wholly invalidate or prohibit the acquisition from a party under Coverage of any interest in any property within the territory of The Bahamas by the Issuer, the Government of The Bahamas shall permit such party and the Issuer to make appropriate arrangements pursuant to which such interests are transferred to an entity permitted to own such interests under the laws of The Bahamas.

ARTICLE 5

Amounts in the lawful currency of The Bahamas, including credits thereof, acquired by the Issuer by virtue of such Coverage shall be accorded treatment by the Government of The Bahamas no less favorable as to use and conversion than the treatment to which

such funds would be entitled in the hands of the party under Coverage. Such amounts and credits may be transferred by the Issuer to any person or entity in the territory of The Bahamas.

ARTICLE 6

(a) Any dispute between the Government of the United States of America and the Government of The Bahamas regarding the interpretation of this Agreement or which, in the opinion of one of the Governments, involves a question of public international law arising out of any project or activity for which Coverage has been issued shall be resolved, insofar as possible, through negotiations between the two Governments. If at the end of three months following the request for negotiations the two Governments have not resolved the dispute by agreement, the dispute, including the question of whether such dispute presents a question of public international law, shall be submitted, at the initiative of either Government, to an arbitral tribunal for resolution in accordance with Article 6(b).

(b) The arbitral tribunal for resolution of disputes pursuant to Article 6(a) 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 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.

(iii) Each of the Governments shall pay the expense of its arbitrator and of its representative 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 procedures.

ARTICLE 7

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 Coverage issued while the Agreement was in force shall remain in force

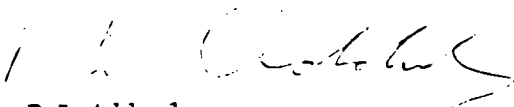
for the duration of such Coverage, but in no case longer than twenty years after the denunciation of the Agreement.

Upon receipt of a note from Your Excellency indicating that the foregoing provisions are acceptable to the Government of The Bahamas, the Government of the United States of America will consider that this note and your reply thereto constitute an Agreement between our two Governments on this subject, to enter into force on the date of the note by which the Government of The Bahamas communicates to the Government of the United States of America that this exchange of notes has been approved pursuant to its constitutional procedures.

Accept, Excellency, the renewed assurances of my highest consideration."

I have the honour to inform Your Excellency that the foregoing proposals are acceptable to the Government of The Commonwealth of The Bahamas and in consequence Your Excellency's Note and this reply should constitute an Agreement between our two Governments in this matter which shall enter into force with effect from the date of this letter.

Accept, Excellency, the assurances of my highest consideration.



P L Adderley
MINISTER OF FOREIGN AFFAIRS
AND ATTORNEY GENERAL

His Excellency Dr Lev E Dobriansky
Ambassador of the United States of America
Embassy of the United States of America
NASSAU, Bahamas