

**UNITED KINGDOM OF GREAT BRITAIN AND
NORTHERN IRELAND
and
MEXICO**

**Exchange of Notes constituting an Agreement regarding
Compensation in respect of Expropriated Petroleum
Industrial Properties. Mexico City, 7 February 1946**

Came into force on 7 February 1946, by signature.

English and Spanish official texts communicated by the Permanent United Kingdom Representative to the United Nations. The registration took place on 30 July 1947.

**ROYAUME-UNI DE GRANDE-BRETAGNE ET
D'IRLANDE DU NORD
et
MEXIQUE**

**Echange de notes constituant un accord concernant le verse-
ment d'indemnités pour l'expropriation de biens de l'in-
dustrie pétrolière. Mexico, le 7 février 1946**

Entré en vigueur le 7 février 1946, par signature.

Textes officiels anglais et espagnol communiqués par le représentant permanent du Royaume-Uni auprès de l'Organisation des Nations Unies. L'enregistrement a eu lieu le 30 juillet 1947.

No. 68. EXCHANGE OF NOTES CONSTITUTING AN AGREEMENT BETWEEN HIS MAJESTY'S GOVERNMENT IN THE UNITED KINGDOM AND THE GOVERNMENT OF MEXICO REGARDING COMPENSATION IN RESPECT OF EXPROPRIATED PETROLEUM INDUSTRIAL PROPERTIES. MEXICO CITY, 7 FEBRUARY 1946

No. 1

Mr. C. H. Bateman to Dr. F. Castillo Nájera

British Embassy
Mexico City, 7th February, 1946

Your Excellency,

With reference to the conversations that have taken place between us regarding the compensation to be paid, through the Government of the United Kingdom, to British subjects affected in respect of certain petroleum industrial properties in the United States of Mexico by acts of expropriation or otherwise in their properties, rights and interests, subsequent to the 17th March, 1938, by the Government of Mexico, I have the honour to propose that an agreement should be entered into by our respective Governments in the following terms:—

1. Each of the two Governments will appoint, within the thirty days following the date of this note, an expert whose duty it shall be to undertake a final estimate of the rights and interests of British subjects in and relative to such petroleum industrial properties in Mexico affected by acts of the Government of Mexico subsequent to the 17th March, 1938, as may be determined by mutual agreement between the two Governments.

2. In order that it may be possible to determine the value of the said rights and interests of British subjects, the experts appointed in accordance with the preceding paragraph shall proceed to the valuation of the properties, rights and interests in Mexico with respect to which the said rights and interests of British subjects exist.

3. The experts, in accordance with the procedure and in the manner set out in this Agreement, shall determine an adequate valuation of the said properties, rights and interests basing this upon their value at the time when they were affected by acts of the Government of Mexico. In arriving at this valuation the experts shall ignore considerations of a technical character and shall proceed on a basis of justice and equity.

4. The experts shall also fix an equitable interest which shall be calculated on the valuation arrived at in accordance with the preceding paragraphs; this interest shall accrue as from the date fixed by the experts.

5. (a) The amount determined under the preceding paragraph shall be added to the amount of the valuation determined under paragraphs 2 and 3.

(b) All amounts determined by the experts, under this Agreement, shall be assessed in United States dollars.

6. The experts shall hold their first meeting in Mexico City as soon as possible, but in any event within six months following the date of the appointment last made by either Government. The later meetings and other activities of the experts shall take place, within the time-limits laid down in this Agreement, on such dates and in such places in Mexican territory as the experts themselves determine.

7. Each of the Governments shall designate such assistants as the respective experts may require for the better accomplishment of their task.

8. The expenses of salaries, maintenance, transportation and other incidental expenses of each expert and his assistants, shall be met by the Government which has appointed them. The joint expenses incurred during the proceedings of the experts shall be shared equally between the two Governments.

9. The experts shall at all times closely collaborate and co-operate in their valuation proceedings. They may obtain directly such data and evidence as they may consider pertinent to forming their opinion, or receive them from interested persons and institutions and from the Governments of Mexico and of the United Kingdom.

10. The experts shall have free access to all records in the possession of the Government of Mexico as well as to oil fields, lands, installations, offices, buildings and any other properties whatsoever involved directly or indirectly in the valuation. The United Kingdom expert shall, at the request of the Mexican expert, request the interested persons and institutions to furnish any pertinent evidence relevant to evidence already furnished by them. Any refusal on their part to comply with these requests shall bring into application the relevant provision of paragraph 13.

11. As soon as one expert obtains or learns of any pertinent data, reports or evidence, he will inform the other. Either expert may request from the other the furnishing of any data, reports or evidence which for any reason is available only to the other.

12. Within a period of three months from the date of their first meeting, the experts shall obtain and receive all data, reports and evidence; nevertheless, a further period of one month shall be allowed for the presentation, by either expert,

of additional data, reports and evidence completing, clarifying or rectifying the material obtained or received in the said period of three months.

13. The experts shall examine and appraise all proofs obtained directly by, or that may be submitted to, them. The experts shall not take into account any specific proofs rendered "ex parte" when the person or institution furnishing them refuses to furnish pertinent complementary evidence requested by the United Kingdom expert, in accordance with the terms of paragraph 10 above.

14. The experts shall complete their work within one year from the date of this note. If they are in agreement regarding the amount of the valuation, they shall render a joint report to the two Governments.

15. Both Governments agree to accept as final the joint report of the experts.

16. If, within the period indicated in paragraph 14, the experts are unable to reach agreement as to the whole or part of the matters submitted to them, each one shall, within an additional period of one month, submit to his Government a separate report on any matters in respect of which agreement has not been reached.

17. Within a month of the receipt of the report or reports of the experts, the two Governments shall initiate diplomatic negotiations with a view to fix, in the case of agreement between the experts to which paragraph 15 refers, the sum to be paid, on the basis of their joint report, to those British subjects who, by such methods as the two Governments may determine, prove their participation as shareholders, at the time of publication of this note, in the properties referred to in paragraph 1 thereof. The same shall be applied in the case of disagreement between the experts to which paragraph 16 refers, on the understanding that the negotiations shall also be directed to the settlement of any points of disagreement between the reports of the two experts.

18. The two Governments shall agree without delay upon the methods and time-limits for payment, through the Government of the United Kingdom, of the compensation and interest due to British subjects, on the understanding that this payment shall be made in United States currency. The said interest shall run until total payment of the compensation, which, however, shall be completed within a period not exceeding seven years as from the date on which the two Governments shall have reached an agreement regarding the compensatory procedure to be followed.

19. Nothing contained in this note shall be regarded as a precedent, or be invoked by either of the two Governments in the settlement between them of any future difficulty, conflict, controversy or arbitration. The present provisions shall be considered as singular and exceptional, appropriate solely to this case, and motivated by the character of the problem itself.

20. In the event of either Government considering that, owing to facts arising out of the war, it will be impossible for them to fulfil, within the time-limits set out in any paragraph of this Agreement, one or any of their obligations stated in that paragraph, they shall be at liberty to request from the other Government that any of the said time-limits should be extended for a reasonable period. The other Government shall consider any such request sympathetically. If the two Governments agree upon the extension of one or any time-limit, the remaining provisions of this note and the validity of the present Agreement shall not be affected thereby.

21. If, at the expiration of three months from the date of this agreement, a joint report has not been made by the experts appointed in accordance with the terms of the notes exchanged to-day between the Government of the United Kingdom and the Government of Mexico providing for the valuation of certain claims, this agreement shall come to an end and the rights and liabilities of the respective Governments shall be the same as if this Agreement had not been made.

If the Government of Mexico are prepared to accept the foregoing proposals, I have the honour to propose that this note and your Excellency's reply thereto shall constitute a formal Agreement between the two Governments, which shall take effect immediately.

I avail, &c.

(Signed) C. H. BATEMAN

No. 2

SPANISH TEXT — TEXTE ESPAGNOL

Dr. F. Castillo Nájera to Mr. C. H. Bateman

Secretaría de Relaciones Exteriores
México, febrero 7 de 1946

Señor Embajador,

Tengo la honra de acusar recibo a Vuestra Excelencia de su atenta nota del día de hoy, que—traducida al español—a continuación transcribo:

“Con referencia a las pláticas que hemos celebrado sobre la indemnización que se habrá de pagar, a través del Gobierno del Reino Unido, a los súbditos británicos afectados con relación a ciertas propiedades de la industria del petróleo en los Estados Unidos Mexicanos por actos de expropiación o de otra manera, en sus propiedades, derechos e intereses, con posterioridad al 17 de marzo de 1938, por el Gobierno de México, tengo el honor de proponer que se celebre un Convenio entre nuestros respectivos Gobiernos, de acuerdo con los términos siguientes:

“Si el Gobierno de México está dispuesto a aceptar las proposiciones anteriores, tengo el honor de proponer que la presente nota y la respuesta de Vuestra Excelencia a la misma constituyan un Convenio formal entre los dos Gobiernos que entrará en vigor inmediatamente.”

En vista de que las proposiciones preinsertas corresponden con toda exactitud a las pláticas a que se refiere el párrafo primero de la nota de Vuestra Excelencia, me es grato comunicarle que el Gobierno de México está dispuesto a que la comunicación de Vuestra Excelencia y la presente nota constituyan un Convenio formal entre nuestros dos Gobiernos.

Aprovecho, &c.

(Firmado) F. CASTILLO NÁJERA

TRANSLATION¹ — TRADUCTION¹

Mexico, 7th February, 1946

Mr. Ambassador,

I have the honour to acknowledge the receipt of your Excellency's note of to-day, which—translated into Spanish—I transcribed below:—

[As in No. 1]

As the proposals set out above correspond exactly with the conversations referred to in the first paragraph of your Excellency's note, I have the pleasure to inform you that the Government of Mexico agrees that your Excellency's communication and the present note should constitute a formal Agreement between our two Governments.

I avail, &c.

(Signed) F. CASTILLO NÁJERA

No. 3

Mr. Bateman to Dr. Nájera

ADDITIONAL NOTE

British Embassy

Mexico City, 7th February, 1946

Your Excellency,

I have the honour to invite reference to the Agreement concluded between His Majesty's Government in the United Kingdom and the Government of

¹ Translation by His Britannic Majesty's Foreign Office.

² Traduction du Foreign Office de Sa Majesté britannique.

Mexico by means of an exchange of notes which took place to-day, regarding the procedure to be followed in order to establish the compensation due to British interests on account of the acts of expropriation relative to the petroleum industry in Mexico.

2. In view of the conclusion of a similar Agreement¹ between the Government of Mexico and the Netherlands Government and of the close relationship uniting British and Netherlands interests in the petroleum industry in Mexico, which has been recognised in the Agreement referred to above, His Majesty's Government in the United Kingdom wish to designate a single expert in conjunction with the Netherlands Government. Should your Excellency's Government agree to this nomination of a single expert and, on their part, also designate a single expert, it is felt that the procedure laid down in the Agreement will thereby be greatly simplified.

I avail, &c.

(Signed) C. H. BATEMAN

No. 4

SPANISH TEXT — TEXTE ESPAGNOL

Dr. Nájera to Mr. Bateman

Secretaría de Relaciones Exteriores
México, 7 de febrero de 1946

Señor Embajador,

Me es grato acusar recibo de su muy atenta nota del día de hoy, en la que, con relación al canje de notas celebrado entre Vuestra Excelencia y el suscrito, sobre el procedimiento que deberá seguirse para compensar a los súbditos británicos afectados en sus propiedades como consecuencia del Decreto de 18 de marzo de 1938 y en vista de que se ha celebrado un arreglo similar entre el Gobierno de México y el de los Países Bajos, así como de la estrecha relación que une a los intereses británicos y holandeses en este asunto, Vuestra Excelencia propone que su Gobierno y el de los Países Bajos nombren conjuntamente un solo perito para los efectos de emprender el avalúo definitivo de los derechos e intereses referidos, en la inteligencia de que el Gobierno de México designará, por su parte, un solo perito.

Sobre el particular, me es grato manifestar a Vuestra Excelencia que dado que el Gobierno de los Países Bajos ha hecho una proposición similar al de México y teniendo en cuenta que, en esta forma, se simplificará el procedimiento, mi Gobierno no tiene inconveniente en aceptar la proposición anterior.

Reitero, &c.

(Firmado) F. CASTILLO NÁJERA

¹ United Nations, *Treaty Series*, Volume 3, page 13.

TRANSLATION¹ — TRADUCTION¹

Mexico, 7th February, 1946

Mr. Ambassador,

I have the pleasure to acknowledge the receipt of the note of to-day in which, with regard to the exchange of notes between your Excellency and the undersigned, on the procedure to be followed for compensating British subjects whose properties were affected by the Decree of the 18th March, 1938, and in view of the similar arrangement which has been concluded between the Government of Mexico and the Government of the Netherlands and the close relation which binds British and Netherlands interests in this matter, your Excellency proposes that your Government and that of the Netherlands should jointly appoint a single expert to undertake a definitive valuation of the rights and interests referred to, on the understanding that the Government of Mexico on its part appoints a single expert.

In regard to this matter, I have the pleasure to inform your Excellency that since the Netherlands Government has made a similar proposal to the Government of Mexico and as the procedure will, in this way, be simplified, my Government sees no objection to the foregoing proposal.

I reiterate, &c.

(Signed) F. CASTILLO NÁJERA

No. 5

SPANISH TEXT — TEXTE ESPAGNOL²*Dr. Nájera to Mr. Bateman*Secretaría de Relaciones Exteriores
México, 7 de febrero de 1946

Señor Embajador,

En vista del propósito del Gobierno del Reino Unido y del Gobierno de México, tal como se desprende de las conversaciones que he celebrado con Vuestra Excelencia, de que el problema surgido como consecuencia del Decreto de Expropiación del 18 de marzo de 1938, en lo que afecta a los súbditos británicos en sus propiedades en la industria del petróleo en los Estados Unidos Mexicanos, quede liquidado íntegra y definitivamente en un espíritu de franca

¹ Translation of His Britannic Majesty's Foreign Office.² For English translation, see Note No. 6.¹ Traduction du *Foreign Office* de Sa Majesté britannique.² Pour la traduction anglaise, voir Note No 6.

2. Los expertos, como resultado del estudio y valorización de las reclamaciones y contrarreclamaciones, a que se refiere el párrafo 1, determinarán las compensaciones que deberán hacerse y, en caso de que resultare algún saldo, fijarán su forma de pago.

3. El dictamen, que de común acuerdo rindan los expertos, será obligatorio tanto para el Gobierno de México como para las compañías comprendidas en el mismo punto 1.

4. El dictamen conjunto de los expertos deberá quedar concluído, a más tardar, dentro de un período de tres meses a partir de la fecha de la presente nota. Si, a la expiración de un plazo de tres meses, contado a partir de esta fecha, los expertos no han rendido un dictamen conjunto, todos los arreglos hechos de acuerdo con los términos de esta nota se darán por extinguidos y los derechos y obligaciones del Gobierno de México y de las compañías serán los mismos que si no se hubiese celebrado ninguno de dichos arreglos.

5. El dictamen de los expertos a que se refiere la presente nota queda sujeto a la condición suspensiva y, por tanto, no surtirá sus efectos sino hasta que se llegue a un acuerdo sobre la valorización de los bienes y derechos de la compañía mexicana de petróleo "El Aguila," S.A., de la compañía naviera "San Cristóbal," S.A., y de la compañía naviera "San Ricardo," S.A., en los términos del Convenio celebrado el día de hoy entre el Gobierno de los Estados Unidos Mexicanos y los Gobiernos del Reino Unido de la Gran Bretaña y de los Países Bajos, relativo a la valorización de ciertas propiedades petroleras en los Estados Unidos Mexicanos.

6. El Gobierno de México y las Compañías resolverán en el Convenio todos los problemas de procedimiento que se presenten con motivo del mismo.

Aprovecho, &c.

(Firmado) F. CASTILLO NÁJERA

No. 6

Mr. Bateman to Dr. Nájera

British Embassy, Mexico City
7th February, 1946

Your Excellency,

I have the honour to acknowledge the receipt of your Excellency's note of the 7th February which reads, in translation, as follows:—

"In view of the proposal of the Government of the United Kingdom and the Government of Mexico, resulting from the conversations which I have held

with your Excellency, that the problem arising from the expropriation decree of the 18th March, 1938, in so far as it affects the properties of British subjects in the petroleum industry of the United States of Mexico, should be wholly and definitely settled in a spirit of open friendship and mutual understanding, it is hereby agreed that the Mexican Government shall conclude, with the Companies mentioned below, an agreement on the following fundamental bases:—

- “1. The Cía. Mexicana de Petróleo ‘El Aguila,’ S.A.,
Cía. Naviera ‘San Cristóbal,’ S.A.,
Cía. Naviera ‘San Ricardo,’ S.A.,
Cía. de Terrenos del Golfo, S.C.P.A.,
Cía. Consolidada de Fincas Urbanas, S.C.P.A.,
Cía Agrícola y Colonizadora Veracruzana, S.A.,
Cía. de Comercio, Inversiones e Industria, S.A.,
Cía. Petrolera de ‘Palma Sola-Furbero,’ S.A.,
United Oils Production Co., S.A.,
P. J. Jonker, S. en C., Sucrs.,
Rafael Ortega, S. en C., Sucr.,

shall jointly appoint a single expert who, together with the expert appointed by the Government of Mexico, shall examine and value:

“(a) all the claims of the above Companies against the Government of Mexico and its Departments, including the Mexican National Railways, for sums owed or that may be owed to the Companies prior to the 18th March, 1938, inclusive;

“(b) the properties, rights, and interests affected by acts of the Mexican Government subsequent to the 18th March, 1938, of the following:—

- Cía. de Terrenos del Golfo, S.C.P.A.,
Cía. Consolidada de Fincas Urbanas, S.C.P.A.,
Cía. Agrícola y Colonizadora Veracruzana, S.A.,
Cía. de Comercio, Inversiones e Industria, S.A.,
United Oils Production Co., S.A.,
Cía. Petrolera de ‘Palma Sola-Furbero,’ S.A.,
P. J. Jonker, S. en C., Sucrs.,
Rafael Ortega, S. en C., Sucr.;

“(c) all obligations or claims which the Mexican Government have or may have the right to exact from the Companies mentioned at the beginning of this paragraph, including taxes, unpaid fiscal dues, and all claims of a private character against them, arising from their operations in Mexico, inclusive of labour claims which have been or may be determined to be valid by the Mexican Tribunals.

“2. The experts, as a result of the examination and valuation of the claims and counter-claims referred to in paragraph 1, shall determine the compensation to be paid and, in the event of a balance, shall fix the form of payment.

“3. The joint report of the experts shall be binding on the Government of Mexico and on the companies mentioned in paragraph 1.

“4. The experts shall make their joint report not later than three months from the date of this note. If, at the end of three months from this date, the experts have not made a joint report all agreements made under the terms of this note shall come to an end and the rights and liabilities of the Government of Mexico and of the Companies shall be the same as if none of these agreements had been made.

“5. The report of the experts referred to in the present note shall remain in suspense and shall not come into effect until agreement is reached on the value of the properties and rights of the Cía. Mexicana de Petróleo ‘El Aguila,’ S.A., Cía. Naviera ‘San Cristóbal,’ S.A. and Cía. Naviera ‘San Ricardo,’ S.A., in accordance with the agreement of to-day between the Government of the United States of Mexico and the Governments of the United Kingdom and of the Netherlands providing for the valuation of certain petroleum properties in the United States of Mexico.

“6. The Government of Mexico and the Companies shall settle in the agreement all questions of procedure which may arise in connection therewith.”

I have the honour to inform your Excellency that His Majesty's Government in the United Kingdom have taken due note of the above arrangement.

I avail, &c.

(Signed) C. H. BATEMAN