

**No. 2802**

---

**UNITED STATES OF AMERICA  
and  
SPAIN**

**Economic Aid Agreement (with annex). Signed at Madrid,  
on 26 September 1953**

*Official texts: English and Spanish.*

*Registered by the United States of America on 4 March 1955.*

---

**ÉTATS-UNIS D'AMÉRIQUE  
et  
ESPAGNE**

**Accord relatif à l'aide économique (avec annexe). Signé à  
Madrid, le 26 septembre 1953**

*Textes officiels anglais et espagnol.*

*Enregistré par les États-Unis d'Amérique le 4 mars 1955.*

No. 2802. ECONOMIC AID AGREEMENT<sup>1</sup> BETWEEN THE UNITED STATES OF AMERICA AND SPAIN. SIGNED AT MADRID, ON 26 SEPTEMBER 1953

---

The Governments of the United States of America and Spain :

Recognizing that individual liberty, free institutions and genuine independence in all countries, as well as defense against aggression, rest largely on the establishment of a sound economy :

Considering that the Congress of the United States of America has enacted legislation enabling the United States of America to furnish military, economic and technical assistance to Spain :

Desiring to set forth the principles which govern the furnishing of economic and technical assistance by the Government of the United States of America under the Mutual Security Act of 1951, as amended,<sup>2</sup> and the measures which the two governments will undertake individually and together in furtherance of the objectives of the said legislation :

Have agreed as follows :

*Article I*

ASSISTANCE

(a) The Government of the United States of America will furnish the Government of Spain, or any person, agency or organization which the latter may designate, such economic and technical assistance as may be requested by the Government of Spain and approved by the Government of the United States of America under the provisions and subject to all the terms, conditions and termination provisions of the then applicable United States laws as well as and subject to the arrangements provided in this agreement.

(b) The two governments will establish procedures whereby the Spanish Government will so deposit, segregate or protect all the funds allocated to or derived from any program of assistance from the United States in order that such funds shall not be subject to attachment, confiscation, seizure or any other legal processes by any person, firm, agency, corporation, organization or government when, in the opinion of the United States, any such legal process would interfere with the attainment of the objectives of the said program of assistance.

---

<sup>1</sup> Came into force on 26 September 1953, as from the date of signature, in accordance with article X.

<sup>2</sup> United States of America : 65 Stat. 373 ; U.S.C. § 1651 *et seq.*

*Article II*

## GENERAL UNDERTAKINGS

(1) In order to further the objectives set forth in the Mutual Security Act of 1951 and to achieve the maximum benefits through the employment of assistance received from the Government of the United States of America, the Government of Spain will use its best endeavors :

(a) To adopt or maintain the measures necessary to insure the effective and practical use of all resources available to it, including :

(i) Such measures as may be necessary to insure that the materials and services furnished under this Agreement, including materials and services obtained from the funds deposited in the Special Account under Article V of this Agreement, are used only for purposes agreed upon by the two governments ;

(ii) The observation and review of the use of such materials and services through an effective and mutually acceptable follow-up system ; and

(iii) To the extent practicable, measures to locate, identify, and put into appropriate use assets and income located in the United States of America, its territories and possessions and belonging to Spanish subjects. This clause does not impose any obligation on the United States of America to assist in carrying out such measures.

(b) To stabilize its currency, establish or maintain a valid rate of exchange, balance its governmental budget as soon as practicable, create or maintain internal financial stability, and generally restore or maintain confidence in its monetary system ;

(c) To cooperate with the Government of the United States of America in ensuring that any procurement financed with assistance furnished by the Government of the United States of America to the Government of Spain will be effected at reasonable prices and on reasonable terms and that the distribution in Spain of such materials and services will be made in such a way that such goods and services will be effectively utilized for the purpose for which they were intended ;

(d) To cooperate with the Government of the United States in ensuring that any procurement similarly financed and made from areas outside of the United States of America, its territories and possessions, will be similarly effected at reasonable prices and on reasonable terms, and so as to arrange that the dollars thereby made available to the country from which the materials and services are procured are used in a manner consistent with any arrangements made by the Government of the United States of America with such country ;

(e) To discourage cartel and monopolistic business practices and business arrangements which result in restricting production and increasing prices or which curtail international trade, to encourage competition and productivity

and to facilitate and stimulate the growth of international trade by reducing barriers which may hamper such trade when the attainment of the agreed program may be affected ;

(f) To make as promptly as possible an agreement with the Government of the United States of America in which will be established for United States nationals and companies a system of payments and international transfers, including the progressive conversion of their accumulated peseta balances ;

(g) To assist the Government of the United States of America in observing and reporting on labor conditions in Spain as these relate to the aims and operations of the Mutual Security Program.

(2) The Government of each country will :

(a) Join in promoting international understanding and good will and maintaining world peace ;

(b) Take such action as may be mutually agreed upon to eliminate causes of international tension ;

(c) Fulfill the military obligations which it has assumed in multilateral or bilateral agreements or treaties to which both governments are parties.

(3) The Government of Spain will :

(a) Make, consistent with its political and economic stability, the full contribution permitted by its manpower, resources, facilities, and general economic condition to the development and maintenance of its own defensive strength and the defensive strength of the free world ;

(b) Take all reasonable measures which may be needed to develop its defense capacities ; and

(c) Take appropriate steps to insure the effective utilization of the economic and military assistance provided by the United States.

### Article III

#### GUARANTIES

Both governments will, upon the request of either government, consult respecting projects in Spain proposed by nationals of the United States of America with regard to which the Government of the United States of America may appropriately make guaranties in accordance with the provisions of the Mutual Security Act of 1951, as amended, as it incorporates section III<sup>1</sup> (b) 3 of the Economic Cooperation Act of 1948, as amended<sup>2</sup>. With respect to such guaranties extending to projects which are approved by the Government of Spain, the Government of Spain agrees :

<sup>1</sup> The following information is given by the Department of State of the United States of America (*Treaties and Other International Acts Series 2851*, p. 8, footnote 1) : "Should read 'section 111.'"

<sup>2</sup> United States of America : 62 Stat. 144 ; 22 U.S.C. § 1509 (b) (3).

(a) That if the Government of the United States of America makes payment in United States dollars to any person under such a guaranty, the Government of Spain will recognize the transfer to the United States of any right, title or interest of such person in assets, currency, credits, or other property on account of which such payment was made and the subrogation of the United States to any claim or cause of action of such person arising in connection therewith. The Government of Spain 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 peseta amounts acquired by the Government of the United States pursuant to such guarantees shall not receive less favorable treatment than that accorded at the time of such acquisition to private funds arising from transactions of United States nationals which are comparable to transactions covered by such guarantees, and that such peseta amounts will be freely available to the Government of the United States of America for administrative expenditures ;

(c) That any claim of the Government of the United States of America against the Government of Spain, which results from the aforesaid subrogation, or which relates to the aforesaid assets, currency, credits or other property, or any difference arising under this article, shall be submitted to direct negotiation between the two governments. If, within a reasonable period, they are unable to settle the claim or difference by agreement, it shall be referred for final 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.

#### *Article IV*

##### ACCESS TO CERTAIN PRODUCTS

(1) The Spanish Government will facilitate the acquisition by the United States of America, upon reasonable terms of sale, exchange, barter, or otherwise, and in such quantities and for such period of time as may be agreed between both governments of those materials originating in Spain which the United States of America might require, as the result of deficiencies or potential deficiencies in its own resources and for stockpiling or other purposes. In such transactions due regard will be taken of the requirements of Spain for such products, both for domestic use as well as for its export trade. The Spanish Government will take such specific measures as may be necessary to carry out the provisions of this paragraph, including the promotion of the production of the materials in question and the removal of any hindrances to the acquisition of such materials

by the United States of America or their receipt. At the request of either of the two governments, negotiations will be initiated for arrangements necessary to fulfill the provisions of this paragraph. The Government of the United States of America will endeavor to assist the Spanish Government to increase production in Spain of materials referred to in this article if it is agreed that such action is practicable and consistent with the purposes of the Mutual Security Act, as amended.

(2) With respect to materials produced outside of Spain, both governments, at the request of either of them, will always cooperate wherever appropriate to further the objectives of paragraph 1 of this article.

#### *Article V*

##### LOCAL CURRENCY

(1) The provisions of this article shall apply only with respect to economic and technical assistance which may be furnished by the Government of the United States of America on a grant basis.

(2) A special account will be established in the Bank of Spain in the name of the Government of Spain (hereinafter called the Special Account) in which will be deposited pesetas in amounts commensurate with the dollar cost to the Government of the United States of commodities, services and technical information (including any costs of processing, storing, transporting, repairing or other services) made available to the Government of Spain on a grant basis under this Agreement. The Government of the United States of America shall, from time to time, notify the Government of Spain of the dollar cost of such commodities, services and technical information and the Government of Spain will thereupon deposit in the Special Account the equivalent amount of pesetas computed at the rate of exchange mutually agreed between the two governments. If, at such time or times of notification, the Government of Spain is a member of the International Monetary Fund and shall have agreed with the International Monetary Fund upon a rate of exchange, the amount of pesetas to be deposited shall be computed at the rate of exchange which shall be the par value agreed at such time with the International Monetary Fund; provided that this agreed value is the single rate applicable to the purchase of dollars for imports into Spain. If at the time of notification a par value for the peseta is agreed with the Fund and there are one or more other rates applicable to the purchase of dollars for imports into Spain, or, if at the time of notification no par value for the peseta is agreed with the Fund, the rate or rates for this purpose shall be mutually agreed upon between the two Governments. The Spanish Government shall be able at any time to make advance deposits in the Special Account which shall be credited against subsequent notifications pursuant to this paragraph.

(3) (a) The Government of the United States of America will, from time to time, notify the Spanish Government of its requirements in pesetas for administrative and operating expenses incident to operations in Spain under the Mutual Security Act of 1951 and acts amendatory or supplementary thereto, and the Spanish Government will thereupon place at the disposition of the Government of the United States such sums, withdrawing them from any balances in the Special Account in the manner requested by the Government of the United States in the notification. Such sums will be charged to the percentage referred to in this paragraph. Ten percent of each deposit made pursuant to this article will be placed at the disposition of the Government of the United States of America. It is understood that the Government of the United States of America will not convert funds acquired pursuant to this paragraph into any other currency without prior consultation with the Spanish Government.

(b) Both Governments will agree to the number of and general characteristics of military facilities for mutual defense to be constructed in Spain and the Government of the United States of America will, from time to time, notify the Spanish Government of requirements for peseta expenses which arise from the construction and maintenance of such military facilities. The Government of Spain will thereupon make such amounts available out of any balances existing in the Special Account, in the manner requested by the Government of the United States in the notification.

(4) Recognizing the priority of expenses referred to in paragraph 3 of this article, the Spanish Government may withdraw funds from any balance existing in the Special Account for such expenditures as may be agreed periodically with the Government of the United States of America, and which will be in accord with the objectives prescribed in the Mutual Security Act of 1951, as amended.

(5) Any unencumbered balance remaining in the Special Account upon the termination of assistance under this Agreement other than unexpended amounts allocated under paragraph 3 (a) of this article, shall be disposed of within Spain for such purposes as may hereafter be agreed upon by the Governments of the United States of America and Spain; it being understood that the agreement of the United States of America shall be subject to approval by Act or joint resolution of the Congress of the United States of America.

#### *Article VI*

##### CONSULTATION AND TRANSMITTAL OF INFORMATION

(1) The two Governments will, upon the request of either of them, consult regarding any matter relating to the application of this Agreement or to operations or arrangements carried out pursuant to this Agreement.

(2) The Government of Spain will communicate to the Government of the United States of America in a form and at intervals to be determined by the latter after consultation with the Government of Spain :

(a) Detailed information concerning projects, programs and measures proposed or adopted by the Government of Spain to carry out the provisions of this Agreement ;

(b) Full statements of operations under this Agreement, including a statement of the use of funds, commodities and services received thereunder, such statements to be made in each calendar quarter ;

(c) Information relating to the Spanish economy, including national and international accounts, which the Government of the United States of America may need to determine the nature and scope of operations under the Agreement and to evaluate the effectiveness of assistance furnished or contemplated under this Agreement and generally the progress realized in this field during the period of this Agreement.

(3) The Government of Spain will assist the Government of the United States of America to obtain information relating to the materials originating in Spain referred to in article IV which is necessary to the formulation and execution of the arrangements provided for in that article.

#### *Article VII*

#### PUBLICITY

(1) The Government of the United States of America and the Government of Spain recognize that it is in their mutual interest that full publicity be given to the objectives and progress of the assistance being rendered pursuant to this Agreement and that all pertinent information be made available to the people of Spain. The Spanish Government will encourage the dissemination of such information, giving to the assistance furnished by the United States Government pursuant to this Agreement, full and continuous publicity through the press, radio and all other available media in Spain and will allow to the United States Government, by agreement with the Spanish Government, the use of such media as may be required to accomplish this purpose.

(2) The Government of Spain will grant to representatives of the United States press full freedom to observe and report on the operation of the economic and technical assistance programs conducted pursuant to this Agreement.

(3) The Government of Spain will make public in Spain, in each calendar quarter, full statements of operations under this Agreement, including information as to the use of funds, commodities and services received.



*Article VIII*

## SPECIAL ECONOMIC MISSION

(1) The Government of Spain agrees to receive a special Economic Mission which will discharge the responsibilities of the Government of the United States of America in Spain under this Agreement.

(2) The Spanish Government will, upon appropriate notification from the Ambassador of the United States of America in Spain, consider the Special Mission and its personnel and the United States Special Representative in Europe as part of the Embassy of the United States of America in Spain for the purpose of enjoying the privileges and immunities accorded to that Embassy and its personnel of comparable rank.

(3) The Spanish Government will extend full cooperation to the personnel of the Special Mission and to the aforementioned U.S. Representative in Europe and his staff. Such cooperation shall include the provision of all information and facilities necessary to the observation and review of the carrying out of this Agreement, including the use of assistance furnished under it.

*Article IX*

## SETTLEMENT OF CLAIMS OF NATIONALS

(1) The Governments of the United States of America and Spain agree to submit to the decision of the International Court of Justice or of a court of arbitration or arbitral tribunal to be mutually agreed upon, any claim espoused or presented by either Government on behalf of one of its nationals arising as a consequence of governmental measures (other than measures taken by the Government of the United States of America concerning enemy property or interests) taken after April 3, 1948, by the other Government and affecting property or interest of such national, including contracts with or concessions granted by the duly authorized authorities of such other Government. It is understood that the undertaking of the Government of the United States of America in respect of claims espoused by the Government of Spain pursuant to this paragraph is made under the authority of and is limited by the terms and conditions of the recognition by the United States of America of the compulsory jurisdiction of the International Court of Justice under Article 36 of the Statute of the Court,<sup>1</sup> as set forth in the Declaration of the President of the United States of America dated August 14, 1946.<sup>2</sup>

(2) It is further understood that neither Government will espouse or present a claim pursuant to this article until its national has exhausted the administrative and judicial procedures of the country in which the claim arose.

<sup>1</sup> United Nations, *Treaty Series*, Vol. 1, p. 9.

<sup>2</sup> United States of America: *Treaties and Other International Acts Series 1598*; 61 Stat., pt. 2, p. 1218.

(3) The provisions of this article shall be in all respects without prejudice to other rights of access, if any, of either Government, to the International Court of Justice or other arbitral tribunal or to the espousal and presentation of claims based upon alleged violations by either Government of rights and duties arising under treaties, agreements or principles of international law.

### *Article X*

#### ENTRY INTO FORCE, AMENDMENT, DURATION

(1) This Agreement shall become effective on this day's date. Subject to the provisions of paragraphs 2 and 3 of this article, it shall remain in force until June 30, 1956, and unless at least six months before June 30, 1956, either Government shall have given notice in writing to the other of intention to terminate the Agreement on that date, it shall remain in force thereafter until the expiration of six months from the date on which such notice shall have been given.

(2) If during the life of this Agreement, either Government should consider there has been a fundamental change in the basic assumptions underlying this Agreement, it shall so notify the other Government in writing and the two Governments will thereupon consult with a view to agreeing upon the amendment, modification or termination of this Agreement. If, after three months from such notification, the two Governments have not agreed upon the action to be taken in the circumstances, either Government may give notice in writing to the other of intention to terminate this Agreement. Then, subject to the provisions of paragraph 3 of this article, this Agreement shall terminate either :

(a) Six months after date of such notice of intention to terminate, or

(b) After such shorter period as may be agreed to be sufficient to ensure that the obligations of the Government of Spain are performed in respect of any assistance which may continue to be furnished by the Government of the United States of America after the date of such notice ; provided, however, that article IV and paragraph 3 of article VI shall remain in effect until two years after the date of such notice of intention to terminate, but not later than June, 30, 1956.

(3) Subsidiary agreements and arrangements negotiated pursuant to this Agreement may remain in force beyond the date of termination of this Agreement and the period of effectiveness of such subsidiary agreements and arrangements shall be governed by their own terms. Article V shall remain in effect until all the sums in the currency of Spain required to be deposited in accordance with its own terms have been disposed of as provided in that article.

(4) This Agreement may be amended at any time by agreement between the two Governments.

(5) The Government of the United States will register this Agreement with the Secretariat of the United Nations.

IN WITNESS WHEREOF the respective representatives, duly authorized for the purpose, have signed the present Agreement.

DONE at Madrid, in duplicate, in the English and Spanish languages, both texts authentic, this 26th day of September, 1953.

For the Government of the United States of America :

The Ambassador of the United States of America

James Clement DUNN

[SEAL]

## ANNEX

### INTERPRETATIVE NOTES

(1) It is understood that the requirements of paragraph (1) (a) of article II, relating to the adoption of measures for the efficient use of resources, would include, with respect to commodities furnished under the Agreement, effective measures for safeguarding such commodities and for preventing their diversion to illegal or irregular markets or channels of trade.

(2) It is understood that paragraph (1) (c) of article II does not diminish the right and responsibility of the United States of America to specify whatever terms and conditions of aid are deemed necessary.

(3) It is understood that the business practices and business arrangements referred to in paragraph (1) (e) of article II mean :

(a) Fixing prices, terms or conditions to be observed in dealing with others in the purchase, sale or lease of any product ;

(b) Excluding enterprises from, or allocating or dividing any territorial market or field of business activity, or allocating customers, or fixing sales quotas or purchase quotas ;

(c) Discriminating against particular enterprises ;

(d) Limiting production or fixing production quotas ;

(e) Preventing by agreement the development or application of technology or invention whether patented or unpatented ;

(f) Extending the use of rights under patents, trade marks or copyrights granted by either country to matters which, according to its laws and regulations, are not within the scope of such grants, or to products or conditions of production, use or sale which are likewise not the subject of such grants ; and

(g) Such other practices as the two governments may agree to include.

(4) It is understood that the agreement referred to in section (1), paragraph (f), of article II will provide a system of conversion of peseta balances which takes into account at all times fluctuations in Spanish dollar availabilities.

(5) It is understood that the United States of America does not intend to resell within Spain any of the materials which it may acquire pursuant to paragraph (1) of article IV.

(6) It is understood that the time of notification to which reference is made in article V, paragraph 2, for the purpose of determining the rate of exchange to be used in computing the deposits to be made upon notifications to the Government of Spain of the indicated dollar costs of commodities, services, and technical information shall, in the case of each notification covering a disbursement period, be deemed to be the date of the last day of the disbursement period covered by the notification.

(7) It is understood that it is the sense and intent of the last sentence of paragraph (2) of article V that the Government of Spain will make arrangements to assure that the amounts of pesetas on deposit in the Special Account are sufficient at all times to permit the Government of the United States to meet its obligations for peseta payments for the purposes contemplated by this Agreement. The United States will, whenever necessary, inform the Spanish Government of its requirements for pesetas and agrees that its requests to the Spanish Government to meet such requirements shall not exceed the amount of economic and technical assistance firmly allotted to Spain on a grant basis at the time of making such requests.

(8) It is understood that any agreements which might be arrived at pursuant to paragraph (1) of article IX would be subject to approval by the Senate of the United States of America.

James Clement DUNN