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AGREEMENT BETWEEN THE UNITED STATES OF AMERICA AND THE  
ISLAMIC REPUBLIC OF IRAN TO SETTLE CERTAIN DISPUTES  
PURSUANT TO ARBITRATION

THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND THE  
GOVERNMENT OF THE ISLAMIC REPUBLIC OF IRAN

Considering that the Government of the United States  
of America and the Government of the Islamic Republic  
of Iran have taken steps to reduce the tensions between  
them by arranging for the release of all the American  
nationals taken hostage on November 4, 1979, and for the  
unblocking of Iranian assets within United States  
jurisdiction; and

Considering that the two Governments desire to move  
toward a normalization of financial relationships as between  
the two countries through the settlement of claims,  
HAVE AGREED AS FOLLOWS:

Article I.

1. An international arbitral tribunal, which shall  
be known as the United States-Iran Claims Tribunal, here-  
inafter referred to as "the Tribunal," is hereby established  
for the purpose of hearing and finally disposing of claims  
of nationals of the United States of America, including  
juridical persons, and counterclaims of Iran against these  
claimants, that are presented to the Tribunal in accordance  
with the terms of this Agreement.

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per 9/12/06 NSC 14  
NLTG-06-087  
BY BRS NARA, DATE 9/25/06

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2. The Tribunal shall consist of nine members, one of whom shall serve as President of the Tribunal (hereinafter referred to as "the President"). The President, the members of the tribunal, and three alternates shall be appointed by agreement of the parties. If the two Governments have not agreed on the appointment of some or all of the members and alternates within three months of the date this Agreement enters into force, the following procedures shall apply:

(a) If the two parties have not agreed on the appointment of the President, either party may request the President of the International Court of Justice to appoint the President, and the appointment of the person so named shall be effective as of the date he agrees to serve.

(b) If the two parties have agreed on the appointment of the President or if the President has been appointed by the President of the International Court of Justice pursuant to the preceding sub-paragraph, either party may request the President to appoint the necessary number of members and alternates, and the appointments of the persons so named shall be effective as of the date they agree to serve.

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3. In the event that a member of the Tribunal other than the President fails for any reason to serve, the President shall name one of the alternates to serve in his place. If the number of alternates is not sufficient to fill such vacancies as may occur, additional members or alternates may be chosen by agreement of the parties, or, if the parties are unable to agree on the appointment of a replacement within thirty days from the date a vacancy occurs, either party may request the President to name such replacement. In the event that the President fails for any reason to serve and the parties are unable to agree on a replacement within thirty days from the date of his failure to serve, either party may request the President of the International Court of Justice to name a replacement.

4. Each member of the Tribunal shall be a person of high moral character and recognized competence in the fields of law, commerce, industry or finance, who may be relied upon to exercise independent judgment. No member of the Tribunal shall hold the nationality of either party to this Agreement.

5. Each member of the Tribunal shall have one vote. Every decision of the Tribunal shall be reached by majority vote and shall constitute a full and final determination of the subject matter of the decision. Every decision of a panel which may be established pursuant to Article VI

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of this Agreement shall, for this purpose, be deemed a decision of the Tribunal, except insofar as it may be reviewed by the Tribunal pursuant to paragraph 5 of that Article.

6. A quorum for the Tribunal or any panel, other than a panel of one member, shall consist of a majority of its members.

#### Article II

1. The Tribunal shall have jurisdiction to hear and decide, in accordance with the terms of this Agreement, claims of nationals of the United States against the Islamic Republic of Iran, and any counterclaim brought by Iran against a national of the United States that arises out of the same contract, transaction or occurrence as constitutes the subject matter of that national's claim, which are outstanding on the date of this Agreement and arise out of the following:

(a) the nationalization, expropriation, intervention or other taking or measure, direct or indirect, affecting rights and interests in property;

(b) debts, including all obligations under loan agreements or guarantees. For purposes of this Agreement, a debt includes the share of a United States national in a syndicated loan

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computed without reference to the liability, if any, of the United States national to nationals of other countries by reason of sharing arrangements under a loan agreement;

(c) losses resulting from breach or repudiation of contractual or other legal obligations [other than contracts for the production or supply of oil, gas or other petroleum products];

(e) damage to or loss of property or interference with contractual relations or death or injury to the person, other than any such claim which is encompassed by the statement of the United States Government given to the Government of Iran on \_\_\_\_\_, 1980.

3. Official claims of the United States against Iran and of Iran against the United States are not within the scope of this Agreement.

#### Article III

1. For the purposes of this Agreement:

(a) a "national of the United States" includes

(i) a natural person who is a citizen of the United States; and

(ii) a corporation or other legal entity which is organized under the laws of the United States or any of its states or territories, the District of Columbia or the Commonwealth of Puerto Rico, if,

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collectively, natural persons who are citizens of the United States own, directly or indirectly, an interest in such corporation or entity equivalent to fifty per cent or more of its capital stock.

- (b) "claims of nationals of the United States" include claims with respect to property and rights in property that are owned indirectly by nationals of the United States, through ownership of capital stock or other proprietary interests, which collectively are equivalent to twenty-five per cent or more of the capital stock of the corporation or other entity.
- (c) the "Islamic Republic of Iran" includes the Government of Iran, any political subdivision of Iran, and any agency, instrumentality, or entity controlled by the Government of Iran or any subdivision thereof.
- (d) the "parties to this Agreement" are the Government of the United States of America and the Government of the Islamic Republic of Iran.

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Article IV.

1. The Government of the Islamic Republic of Iran undertakes to pay in full each award certified to it by the Tribunal promptly upon such certification. To facilitate such payments, the Government of the Islamic Republic of Iran will, on the date of signature of this Agreement, order to be deposited in an interest bearing escrow account at (Deutsche Bundesbank at Federal Republic of Germany) (Bank of International Settlements at Switzerland) \$ billion under an agreement authorizing and directing the (bank) to make payments from said escrow account as directed by the President of the Tribunal to pay, in whole or in part, awards certified by the Tribunal.

2. The funds to be deposited under paragraph 1 of this Article shall be derived from funds or assets of the Government of the Islamic Republic of Iran, its agencies, instrumentalities or controlled entities on deposit with financial institutions in the United States of America. The Government of the United States will take the measures necessary, on the basis of this Agreement, to ensure that all judicial attachments or orders restraining the transfer of such Iranian funds and assets are terminated.

3. (a) No award shall be paid until the Tribunal adjudicates all the claims and determines whether the funds then held in the escrow account are adequate to pay all awards in full.

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If the funds are adequate for that purpose, the President of the Tribunal shall order the (bank) to pay all the awards in full and to remit any balance to, or upon the order of, the Bank Markazi.

(b) If the funds in the escrow account are insufficient to pay all the awards in full, the Government of the Islamic Republic of Iran will cause to be deposited in the escrow account such additional amount in dollars as may be necessary to make up the balance due. If, for any reason, such additional funds are not deposited in the escrow account within thirty days after the President of the Tribunal notifies the Government of the Islamic Republic of Iran that such funds are needed to pay the awards in full, the President of the Tribunal shall order the (bank) to make payment on each certified award in an amount, as determined by the Tribunal, equal to the proportion of the funds in the escrow account that the amount of the award bears to the total amount of all certified awards. The President of the Tribunal shall order similar pro rata distributions from time to time as further funds may be deposited in the escrow account.

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Article V

1. In consideration of this Agreement and upon its entry into force, the United States agrees that all claims of nationals of the United States within the scope of this Agreement shall be considered settled in accordance with the terms of this Agreement and shall be finally discharged as follows:

(a) where the Tribunal renders an award in favor of a claimant pursuant to this Agreement, the claim shall be finally discharged upon payment of the claim;

(b) where the Tribunal dismisses the claim or finds that it is without merit, the claim shall be finally discharged on the date the Tribunal disposes of the claim;

(c) where a claimant has failed to present his claim to the Tribunal by the last date on which such claims may be presented under the terms of this Agreement or such procedural rules as the Tribunal may establish under Article VII of this Agreement, the claim shall be finally discharged on that date.

2. No claim within the scope of this Agreement may be brought against the Government of Iran except in accordance with and under the procedures set out in this Agreement. Immediately upon the entry into force of this Agreement the United States will file suggestions of interest in United States courts advising that all claims within the scope of this Agreement have been settled pursuant to this Agreement and that all actions based on such claims should be dismissed with prejudice.

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3. Any provision in a contract or other agreement between a claimant and the Government of Iran made prior to the date of this Agreement that purports to authorize or require other means of settling claims within the scope of the Agreement shall be of no force or effect.

4. The Tribunal shall not have jurisdiction over any claim presented under this Agreement unless the claim is accompanied by an undertaking signed by the claimant indicating that he accepts the decision of the Tribunal as final and binding with respect to the matters to which it relates.

5. The Government of Iran waives any right it may have to proceed against a claimant in any other forum or to seek a remedy otherwise than in accordance with this Agreement with respect to any claim that it might have brought against such claimant as a counterclaim pursuant to this Agreement.

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Article VI

1. The President of the Tribunal shall make the administrative arrangements necessary for the functioning of the Tribunal, including the appointment of registrars and the hiring of staff as required. No person employed by the Tribunal shall be a national of the United States or Iran.

2. Claims may be heard by the full Tribunal or by panels consisting of one, three or five members. The President shall have responsibility for the formation of panels and for the assignment of claims to the panels.

3. The Tribunal may make a general finding with respect to an issue of law or fact that is common to more than one claim. The President shall have responsibility for determining which issues of law or fact are appropriate for such general findings and for assigning such issues to a panel or to the Tribunal as a whole. Neither the Tribunal nor any panel may make a general finding on an issue of law or fact that is common to more than one claim until it is satisfied either (a) that all claimants who are interested in the resolution of such issue have had an opportunity to make their views known, or (b) that those claimants who have presented their views on the issue have adequately represented all of the claimants whose interests might be affected by its resolution.

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per 9/12/06 NSC Hr.  
NLC-06-087  
BY BAA NARA DATE 9/25/06

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4. Where a panel or the Tribunal as a whole has made a general finding on an issue of law or fact common to more than one claim, that general finding shall be deemed conclusive whenever the same issue arises in subsequent cases.

5. The decision of a panel on any issue shall be final, except that the Tribunal as a whole may review the decision of a panel where, in the judgment of the President, reconsideration of the decision may be necessary to ensure consistency in the decisions of the Tribunal or to make a general finding as permitted under paragraphs 3 and 4 of this article.

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Article VII

The Tribunal shall decide all cases on the basis of respect for law, applying such choice of law rules, general principles of commercial law, and principles of international law as the Tribunal determines to be relevant, having regard to the desire of the parties to reach a solution that is just and equitable to all interests concerned. To this end, the Tribunal may take into account, as appropriate, the usages of the trade relevant to the transaction or commercial relationship and changed circumstances significantly affecting the expectations of the parties to a contract or transaction. No claim shall be disallowed for failure to exhaust local or contractual remedies.

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per 9/12/06 NSC/16  
NSC-06-087

BY BAE NARA, DATE 9/25/06

Article VIII

1. Claims of nationals of the United States that are within the scope of this Agreement shall be presented to the Tribunal through counsel either by the claimants themselves or, in its discretion, by the Government of the United States.

2. After consultation with the parties to this Agreement, the Tribunal shall adopt such rules for its proceedings as it may deem expedient, including rules with respect to such matters as the form in which claims, defenses and counterclaims are to be stated, the time periods in which such statements are to be submitted, and the method of presenting evidence and argument to the Tribunal.

3. The rules of procedure adopted pursuant to this article shall be designed to expedite the determination of claims. No such rule shall contravene any of the provisions of this Agreement.

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per 9/12/06 NSC ltr:  
NLJC-06-087  
BY BAC NARA, DATE 9/25/06



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Article IX

1. The seat of the Tribunal shall be at The Hague, Netherlands, or at such other locality as agreed to by the parties to this Agreement. All awards of the Tribunal, including awards of any panel thereof, shall be made at the seat of the Tribunal.

2. The Tribunal or any panel thereof may meet at any place the President deems appropriate to inspect goods, other property or documents, to hear witnesses and argument, and to hold meetings for consultation among its members, and it may also visit any place connected with a dispute or conduct inquiries there.

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per 9/12/06 NSC 14  
WC JC-06-087  
BY BAC NARA, DATE 9/25/06

# Article X

The language to be used in the proceedings, including all written statements and oral hearings, shall be the English language, unless the President determines, after consultation with the parties to this Agreement and having regard to the circumstances of the arbitration, that another language or languages should be used in addition to or instead of the English language.

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per 9/12/06 NSC/LH  
N2JC-06-087  
BY BAE NARA, DATE 9/25/06

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Article XI

The Government of Iran shall make all reasonable efforts to ensure that the members of the Tribunal, persons employed by or working at the direction of the Tribunal, the Agents of the parties, representatives of the claimants, and other appropriate persons shall be permitted at all reasonable times to enter, view, inspect and carry on investigations upon any of the property covered by any claim presented under the terms of this Agreement.

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per 9/12/06 NSC 14-  
NLC-06-087  
BY BJS NARA, DATE 9/25/06

## Article XII

1. Each award of the Tribunal shall be made in writing, and it shall state the reasons upon which it is based.

2. The award shall be signed by the members of the Tribunal who participated in the decision, and it shall contain the date on which and the place where it was made.

3. The award shall be certified to the Government of the Islamic Republic of Iran pursuant to Article IV of this Agreement, and copies of the award shall be delivered promptly to the parties to this Agreement as well as to the claimant upon whose claim the Tribunal has acted.

4. Unless the parties otherwise agree, the awards shall be made available to the public in such a manner and at such time as the President shall deem appropriate.

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per 9/12/06 NISC/H  
NLJC-06-087  
BY B03 NARA, DATE 9/25/06

Article XIII

If, before an award is made, the claimant and the Government of the Islamic Republic of Iran agree on a settlement of the claim, the Tribunal shall either issue an order for the termination of the proceeding with respect to the claim or, if requested by the claimant and the Islamic Republic of Iran, record the settlement in the form of an award on agreed terms. The Tribunal is not obligated to give reasons for such an award.

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per 9/13/06 NSC 14  
NLC JC-06-087  
BY BNS NARA DATE 9/25/04

Article XIV

1. Each party to this Agreement shall designate an Agent who shall represent that party in proceedings before the Tribunal.

2. Whenever under the terms of this Agreement the approval or other form of instructions of the parties to this Agreement is to be communicated to the Tribunal, such approval or other form of instructions shall be communicated by the Agents of the parties. Whenever under the terms of this Agreement the Tribunal or the President is to consult with the parties or to communicate certain information to the parties, such consultation or communication shall be channelled through the Agents of the parties.

3. Copies of all documents submitted to the Tribunal, including statements of claims, defenses and counterclaims, and evidence and argument in support thereof, shall be provided to the Agents of the parties within ten days of the date on which such documents are submitted to the Tribunal. Copies of all documents issued by the Tribunal shall be provided to the Agents of the parties within ten days of the date on which such documents are issued.

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per 9/12/06 NSC 1A  
NLK-06-087  
BY BAE NARA DATE 9/25/06



Article XV

Notwithstanding any other provision of this Agreement, the parties may, by their agreement, instruct the Tribunal on any matter within the scope of this Agreement, including the method by which the proceedings shall be conducted, the rules of law and findings of fact to be applied, the withdrawal of certain claims from arbitration, and the terms on which certain claims are to be resolved. Such instructions shall not be effective unless they are in writing and signed by the Agents of each of the parties to this Agreement.

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per 9/12/06 NSC 1dr  
NLSC-06-087  
BY BAE NARA, DATE 9/25/06

Article XVI

1. If a claimant fails to prosecute its claim, as required under the terms of this Agreement or such procedural rules as the Tribunal may adopt, without showing sufficient cause for such failure, the Tribunal may issue an order for the termination of the proceedings and for the dismissal of the claim.

2. If, within the time fixed by the Tribunal, the Government of the Islamic Republic of Iran has failed to communicate its statement of defense to a claim without showing sufficient cause for such failure, the Tribunal shall order that the proceedings continue.

3. If a claimant or the Government of Iran, duly notified, fails to appear at a hearing, without showing sufficient cause for such failure, the Tribunal may proceed with the arbitration.

4. If a claimant or the Government of Iran, duly invited to produce documentary evidence, fails to do so within the established period of time, without showing sufficient cause for such failure, the Tribunal may make the award on the evidence before it.

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per 9/12/06 NSC Hr.  
WCJC-06-087  
BY BHE NARA DATE 9/25/06

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Article XVII

1. The general expenses of the Tribunal shall be defrayed in equal portions by the parties to this Agreement.

2. Upon his appointment the President shall, after consulting with the parties to this Agreement, prepare a budget for the operation of the Tribunal, covering such matters as the fees of the members, travel and other expenses to be incurred by the members, and the expenses associated with the employment of registrars and staff members for the Tribunal. The parties shall, at the request of the President, deposit an equal amount to defray the expenses of the Tribunal. During the course of the proceedings the President may request supplementary deposits from the parties.

Article XVIII

The present Agreement shall enter into force on

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DECLASSIFIED  
per 9/12/06 NSC/H.  
INJC-06-087  
BY BAE NARA, DATE 9/25/06

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IN WITNESS WHEREOF, the undersigned, being duly authorized thereto by their respective Governments, have signed the present Agreement, and affixed thereto their seals.

DONE at Washington, in duplicate, in the English and Farsi languages, both versions being equally authentic, this \_\_\_\_\_ day of \_\_\_\_\_, 1980.

FOR THE GOVERNMENT OF THE UNITED STATES OF AMERICA:

  

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FOR THE GOVERNMENT OF THE ISLAMIC REPUBLIC OF IRAN:

  

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Department of State

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TELEGRAM

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S/S TARNOFF

SND - ALERT TARNOFF 7:00 A.M. WASHINGTON TIME,  
WHITE HOUSE FOR CUTLER FROM CHRISTOPHER

E.O. 12065: GDS 11/11/86  
TAGS: IR, AL, PEPR  
SURJ: CHRISTOPHER MEETING WITH ALGERIANS

1. 3 - ENTIRE TEXT.

2. IN ORDER TO CLARIFY ISSUES RAISED BY THE ALGERIANS IN  
OUR DISCUSSION YESTERDAY, WE PLAN TO OFFER THE FOLLOWING  
TECHNICAL CHANGES IN U.S. POSITION PAPER AND ACCOMPANYING  
DOCUMENTS DURING OUR SECOND MEETING (SCHEDULED FOR EARLY  
AFTERNOON LOCAL TIME). WHILE THESE CHANGES WILL BE  
TACTICALLY USEFUL IN RESPONDING TO CONCERNS EXPRESSED  
BY ALGERIANS, IN OUR VIEW NONE OF THE CHANGES REPRESENT  
SIGNIFICANT ALTERATIONS OF OUR BASIC APPROACH.

4. TO APPLY THE DISCUSSION IN SECTION 2(D) OF

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per 9/12/06 NSC 14r  
N/C JC-06-087  
BY BOC NARA DATE 9/25/06



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