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STATEMENT REGARDING INVESTMENT INCENTIVE AGREEMENT BETWEEN THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND THE GOVERNMENT OF SAO TOME AND PRINCIPE

Agreement between the United States of America and the Government of Sao Tome and Principe relating to United States Government investment insurance, reinsurance, debt and equity investments and investment guaranties signed in Washington, D.C. Entered into force on September 10, 1998.

RELEASE IN FULL

Explanation of Agreement

The Agreement is one of a series of bilateral executive agreements the United States has entered into for operation of the U.S. Government insurance, reinsurance, debt and equity investments and investment guaranty programs covering American private investment in signatory countries. These U.S. Government programs are administered by the Overseas Private Investment Corporation (OPIC), a U.S. Government corporation which assists and encourages the investment of American private capital and know-how in developing countries and areas in transition from nonmarket to market economies.

The Agreement, in general, sets forth certain procedural understandings between the two governments. In the event payment is made under an OPIC insurance contract, the Agreement recognizes the right of the U.S. Government to succeed to an insured party's rights upon payment of a claim, and it establishes inter-governmental mechanisms, including third-party arbitration, for resolving certain disputes.

Background Information on Negotiations

The Agreement was drafted by OPIC and negotiated in Washington D.C. by officials from OPIC and the Ministry of Foreign Affairs and Community of Sao Tome and Principe. The Agreement was signed in Washington, D.C., by Homero Jeronimo Salvaterra, Minister of Foreign Affairs and Community, on behalf of the Government of Sao Tome and Principe, and by Kirk K. Robertson, Executive Vice President of the Overseas Private Investment Corporation, on behalf of the government of the U.S., on September 10, 1998, and entered into force on September 10, 1998.

Effect of the Agreement

The Agreement will permit selective encouragement by OPIC of U.S. private participation in eligible projects in Sao Tome and Principe. Assisted projects are expected to contribute to the economic and social development of that country.

Legal Authority

The Agreement was negotiated and entered into pursuant to Section 237(a) of the Foreign Assistance Act of 1961, as amended; 22 U.S.C. Sec. 2197(a).