



Treaty Series No. 25 (1974)

Exchange of Notes

concerning a Development Loan by the
Government of the United Kingdom of
Great Britain and Northern Ireland to
the Government of Brazil

(United Kingdom/Brazil Loan Agreement 1973)

Brasilia, 20 November 1973

[The Agreement entered into force on 20 November 1973]

*Presented to Parliament
by the Secretary of State for Foreign and Commonwealth Affairs
by Command of Her Majesty
April 1974*

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**EXCHANGE OF NOTES
CONCERNING A DEVELOPMENT LOAN BY THE GOVERNMENT
OF THE UNITED KINGDOM OF GREAT BRITAIN AND
NORTHERN IRELAND TO THE GOVERNMENT OF BRAZIL**

No. 1

*Her Majesty's Ambassador at Brasilia to the Minister of State for External
Relations of Brazil*

*British Embassy,
Brasilia.*

20 November, 1973.

No. 397

Your Excellency,

I have the honour to refer to the recent discussion concerning development aid from the Government of the United Kingdom of Great Britain and Northern Ireland to the Federative Government of Brazil and to inform Your Excellency that the Government of the United Kingdom are prepared to conclude an Agreement with the Government of Brazil in the following terms. The position of the Government of the United Kingdom with regard to the provision of finance and the commitment of that Government and the Government of Brazil as regards associated matters shall be as respectively set out in Part A and Part B below.

- A. The Government of the United Kingdom declare that it is their intention to make available to the Government of Brazil (acting by such agents as that Government may notify by separate Note to the Government of the United Kingdom) by way of a loan a sum not exceeding £10,000,000 (ten million pounds sterling), for the purchase of certain goods and services in the United Kingdom in furtherance of agreed development projects in the less developed parts of Brazil.
- B. (1) The Government of the United Kingdom shall adopt the arrangements and procedures described in the following paragraphs of this Note insofar as they relate to things to be done by or on behalf of that Government. The Government of Brazil shall adopt the arrangements and procedures so described insofar as they relate to things to be done by or on behalf of that Government.
- (2) The projects to be assisted from the loan later and the list of goods and services to be purchased in respect of each project shall be agreed between the Government of Brazil and the Government of the United Kingdom. Drawings from the loan shall be applied, subject to the provisions of paragraph 5, to payments under contracts made for the purchase of such goods and services and the furtherance of such projects. When a project is assisted on behalf of a State Government of Brazil or an autonomous or semi-autonomous public corporation in Brazil the terms of on-lending shall be agreed in each case between the Government of the United Kingdom and the Government of Brazil.

- (3) (a) For the purpose of these arrangements the Government of Brazil shall, by request in the form set out in Annex A to this Note, open a special account (hereinafter referred to as "the Account") with a bank in London (hereinafter referred to as "the Bank"). The Account shall be operated in accordance with the instructions contained in the said request.
- (b) As soon as the account is opened and before taking any other step required by these arrangements for obtaining any part of the loan, the Government of Brazil shall furnish the Agents appointed by the Government of the United Kingdom to act on that Government's behalf (hereinafter referred to as the "Agents"), with a copy of their instructions to the Bank given in accordance with the foregoing provisions of this paragraph. The Government of Brazil, or the Bank on their behalf, shall at the same time and so often as any change is made therein, notify the Agents of the names of the officers who are duly authorised to sign on its behalf the Payment Authorities and Requests for Drawing hereinafter provided as set out in Annexes C (ii) and D to this Note, and shall furnish a specimen signature in duplicate of each such officer.
- (c) The Government of Brazil shall ensure that the Bank forwards monthly to the Agents a statement of receipts to, and payments from, the Account.
- (4) (a) Where the Government of Brazil propose that part of the loan should be allocated to a project they shall forward to the Government of the United Kingdom through the British Embassy a description of the project and its location and shall provide such further details as the Government of the United Kingdom may require.
- (b) The Government of the United Kingdom shall as soon as possible notify the Government of Brazil whether their proposals to allocate part of the loan to a project is approved, the amount of the loan approved as provisionally allocated towards the offshore cost and any special conditions attached to such approval. Local costs in respect of a project may be financed from the loan only in agreement with the Government of the United Kingdom.
- (c) For the purpose of the Note the "offshore cost" means sterling costs incurred in the United Kingdom, and "local costs" (which exclude import duty, sales tax or any other tax levied directly in Brazil) means costs payable in Brazil.
- (d) The Government of Brazil shall seek the prior agreement of the Government of the United Kingdom if at any time it is necessary to amend an agreed project.
- (e) Where the Government of Brazil propose that part of the loan should be allocated to goods and services which are not required for a specific project they shall forward to the Government of the United Kingdom through the British Embassy a full description of such goods and services, the purpose for which they are

required and such further details as the Government of the United Kingdom may require and the Government of the United Kingdom shall, as soon as possible, notify the Government of Brazil whether their proposal to allocate part of the loan to such goods and services is approved, the amount of the loan approved as provisionally allocated and any special conditions attached to such approval.

- (5) Save to the extent (if any) to which the Governments of Brazil and the United Kingdom may otherwise agree, drawings from the loan shall be used as provided in paragraph 2 only:
- (a) for payments under a contract for the purchase in the United Kingdom (which expression in this Note shall be deemed to include the Channel Islands and the Isle of Man) of goods wholly produced or manufactured in the United Kingdom, or in the case of chemicals and allied products, goods which are duly declared to be of United Kingdom origin in the form set out in Annex C (Chemicals) to this Note, or for work to be done or for services to be rendered by persons ordinarily resident or carrying on business in the United Kingdom, including the cost of consultancy services provided by a firm of consultants whose principal place of business is in the United Kingdom and who have been selected in consultation with, and on terms approved by the Government of the United Kingdom or for two or more of such purposes, being a contract which:
 - (i) provides for payments in sterling to persons carrying on business in the United Kingdom; and
 - (ii) is approved on behalf of the Government of Brazil and on behalf of the Government of the United Kingdom for financing from the loan; and
 - (iii) is a contract entered into after the date of this Note and before the 20th of November 1977.
 - (b) for reimbursement of any bank in the United Kingdom for payments it has made in accordance with the provisions of letters of credit which are opened or advised after the date of this Note to facilitate the carrying out of a contract which complies with the conditions specified in sub-paragraph (a).
 - (c) for payment of the sterling bank charges and commissions payable in the United Kingdom to:
 - (i) the Bank in respect of its services in connection with this loan; and
 - (ii) any bank in the United Kingdom in respect of the letters of credit referred to in sub-paragraph (b).
- (6) (a) Where the Government of Brazil proposes that part of the loan shall be applied to a contract for the purchase of goods or services approved in accordance with the provisions of paragraph (2), that Government shall ensure that there are forwarded at the earliest opportunity to the Agents in the case of contracts described in paragraph (5) (a):

- (i) a copy of the contract, or of a notification thereof in the form set out in Annex B to this Note; and
 - (ii) two copies of a certificate from the United Kingdom contractor concerned in the form set out in Annex C or Annex C (Chemicals), whichever is appropriate, to this Note.
- (b) The Government of Brazil shall ensure that Agents are informed if at any time a contract which has been submitted in accordance with the foregoing provisions of this paragraph is amended, or if liability is incurred or is to be incurred thereunder to a greater or lesser amount than the amount specified in the contract certificate; and in either of these cases the Government of Brazil shall ensure that there are forwarded as soon as possible to the Agents the relevant supplementary or revised documents.
- (7) (a) After the documents obtained in pursuance of the procedure described in the foregoing provisions of this Note have been examined on behalf of the Government of the United Kingdom, that Government shall decide whether and to what extent a contract is eligible for payment from the loan and shall notify the Government of Brazil accordingly in the form set out in Annex C (i) to this Note. Should the Government of the United Kingdom decide that any contract is not so eligible they shall consult the Government of Brazil with a view to the possibility of settling the matter by mutual agreement.
- (b) To the extent that the Government of the United Kingdom so accept a contract or transaction and agree to payment from the Account, their Agents shall, on receipt of a request from the Government of Brazil, in the form set out in Annex C (ii) to this Note giving details of contractual payments made or about to be made, arrange for payments in sterling to be made into the Account by the Government of the United Kingdom and each such payment shall constitute a drawing on the loan.
- (c) Unless the Government of the United Kingdom otherwise agrees payment into the Account shall not be made after the 20th of November 1978.
- (8) Withdrawals from the Account shall be made only in the manner and subject to the conditions set out in this paragraph:
- (a) for payments due under a contract to which paragraph B (5) (a) refers, withdrawals shall be made in accordance with and on receipt by the Bank of Payment Authorities in the form shown in Annex D to this Note duly signed on behalf of the Government of Brazil and counter-signed on behalf of the Government of the United Kingdom. Each Payment Authority shall be forwarded in duplicate to the Agents for counter-signature and shall be accompanied by Payment Certificates from the Contractors concerned in the form shown in Annex E hereto and the invoices referred to therein; or in respect of contracts for which a Contract Certificate in the form shown in Annex C (Chemicals) hereto has been provided, the invoices only;

- (b) for reimbursement to a bank in the cases to which paragraph B (5) (b) above refers, withdrawals shall be made only on receipt by the Bank of letters of credit supported by a Payment Certificate completed by the Contractor in the form shown in Annex E to this Note and the invoices referred to therein or the invoices only for contracts in respect of which a Contract Certificate in the form shown in Annex C (Chemicals) hereto has been provided, provided that the amount of reimbursement excluding sterling bank charges shall not exceed the amount specified in relation to that contract in the notification in the form set out in Annex C (i) to this Note. The Bank shall forward to the Agents the relevant Payment Certificates and Invoices immediately any such reimbursements have been made;
- (c) for payments in the cases to which paragraph B (5) (c) above refers, the Government of Brazil shall ensure that the Bank debits the Account and informs the Agents of the amounts so debited and for payments to which paragraph B (5) (c) (ii) above refers gives details of the contract to which each payment relates;
- (d) for the purposes of this paragraph photocopies or duplicates of invoices may be submitted instead of originals.
- (9) If any monies that have been paid out of the Account are subsequently refunded either by the Contractor or by a Guarantor, the Government of Brazil shall, so long as there are payments to be made from the Account, pay an equivalent of such sums into the Account and, in any other case, apply the refunds to the reduction of the loan.
- (10) The Government of Brazil shall repay to the Government of the United Kingdom in pounds sterling, in London, the total sum borrowed under the arrangements set out in this Note, such repayments to be made by instalments paid on the dates and in the amounts specified below; except that if, on the date when any such instalment is due to be paid, there is then outstanding less than the amount specified in relation to that date, only the amount then outstanding need to be paid.

| <i>Date due</i> | <i>Instalments</i> | <i>Amount</i> |
|---|--------------------|---------------|
| | | <i>£</i> |
| 20th of May 1978 and on the 20th of May in each of the succeeding 20 years | | 238,100 |
| 20th of November 1978 and on the 20th of November in each of the succeeding 19 years... | | 238,100 |
| 20th of November 1998 | | 237,900 |

- (11) The Government of Brazil shall pay to the Government of the United Kingdom in pounds sterling in London interest on drawings from the loan in accordance with the following provisions:
- (a) in respect of each drawing the rate of interest shall be five per cent per annum:

- (b) interest shall be calculated on a day-to-day basis on the balance of the loan for the time being outstanding:
- (c) the first payment of accrued interest (if any) shall be made on the 20th of May 1974 and subsequent payments shall be made on the 20th of November 1974 and thereafter on the 20th of May and 20th of November in each year.
- (12) Notwithstanding the provisions of paragraph (10), the Government of Brazil shall be free at any earlier time to repay to the Government of the United Kingdom in pounds sterling in London the whole or any part of the loan that is still outstanding, together with the accrued interest thereon calculated as in paragraph (11) up to the date of payment.
- (13) The Government of Brazil shall ensure the provision of such finance, additional to the loan finance provided in accordance with the arrangements set out in this Note, as may be needed to complete the project.
- (14) In relation to goods and services provided with finance from the loan, the Government of Brazil shall permit officers from the British Embassy and other servants or agents of the Government of the United Kingdom to inspect any such goods or the documents relating to any such goods and services and shall furnish such officers, servants or agents with such information relating to the goods and services as the latter may reasonably require.
- (15) Six months after the date of the last withdrawal from the account, in accordance with paragraph B (7)(c) of this Note, the balance remaining in the account shall be remitted to the Government of the United Kingdom in reduction of the loan, unless otherwise agreed between the two governments.
- (16) The concepts of similarity established by article 17 of Decree Law 37 of 18 November 1966 issued by the Government of Brazil shall not apply. The Government of Brazil shall grant exemption from that Decree Law of National Similarities as well as from all customs duties and other tax prohibitions and restrictions applied to imports as well as any other fiscal charges in respect of British goods, equipment and materials to be provided for any of the projects agreed under this loan.
- (17) If the foregoing proposals are acceptable to the Federative Government of Brazil, I have the honour to propose that the present Note and its Annexes together with Your Excellency's reply in that sense shall constitute an Agreement between the two Governments which shall enter into force on the date of your reply and which shall be known as the United Kingdom/Brazil Loan Agreement 1973.
2. I avail myself of this opportunity to renew to Your Excellency the assurance of my highest consideration.

DEREK DODSON

Her Britannic Majesty's Ambassador

ANNEX A

To: The Manager,
.....Bank,
London.....

Dear Sir,

United Kingdom/Brazil Loan 1973

1. I have to request you on behalf of the Federative Government of Brazil to open an account in the name of the as agents of the Government of Brazil to be styled United Kingdom/Brazil Loan 1973 Account (hereinafter called "the Account").

2. Payments into the Account will be arranged from time to time by the Agents appointed to act on behalf of the Government of the United Kingdom (hereinafter referred to as "the Agents"). It is possible that, as a result of refunds becoming due from Contractors, payments into the Account will also be made by the Government of Brazil itself.

3. Payments from the Account are to be made only in respect of the amounts falling due under contracts described in paragraph B(5) of the United Kingdom/Brazil Loan Agreement 1973 (a copy of which is attached hereto), and in the manner and subject to the conditions described in that Loan.

4. You will send to the Agents the Payment Certificates and invoices mentioned in the paragraph B(8)(b) of the Loan immediately the reimbursement or payment to which they relate has been made.

5. You will debit the Account with the charges referred to in paragraph B(5)(a) of the said Loan and inform the Agents of the amounts so debited and in respect of charges referred to in sub-paragraph (c)(ii) of that paragraph supply details of the contract to which each charge relates.

6. You will also send to the Agents at the end of each month a detailed statement showing all debits and credits to the Account during the month.

7. You will notify the Brazilian Embassy in London from time to time of the amount required to be drawn from the loan so that the amount so drawn, together with any balance which may be available in the Account, will be sufficient to cover the total value of payments about to be made or made as provided for in paragraph 3 above.

8. Any two of the following persons are jointly authorised to sign Payment Authorities on behalf of the Government of Brazil:

- | | |
|---------|---------|
| 1. | 3. |
| 2. | 4. |

Specimens of the signature of each of the above are attached in triplicate.

9. Six months after the date of the last withdrawal from the Account, in accordance with paragraph B(7)(c) of this Note, the balance remaining in the Account shall be remitted to the Government of the United Kingdom in reduction of the loan, unless otherwise agreed between the two governments.

10. A copy of this letter has been addressed to the Agents whose name and address are as follows:

Specimen signatures of the officers of the Agents authorised to countersign Payment Authorities and sign notifications accepting contracts for financing from the loan on behalf of the Government of the United Kingdom will be sent to you direct.

Yours faithfully,

ANNEX B

NOTIFICATION OF CONTRACT

United Kingdom/Brazil Loan 1973

To: The Agents

Notification of Contract No.

The following are details of a contract under which it is proposed that payments shall be made in accordance with the terms and conditions of the above loan.

1. Name and address of
 United Kingdom Contractor:
2. Date of Contract:
3. Name of Purchaser:
4. Short description of goods
 and/or works or services:
5. Value of Contract:
6. Terms of Payment:

Signed on behalf of the Federative
Government of Brazil

Date

ANNEX C

United Kingdom/Brazil Loan 1973

Acceptance No.....

CONTRACT CERTIFICATE

(For Chemicals and Allied Products use alternative "Certificate" overleaf)

Particulars of Contract

1. Date of Contract..... 2. Contract No.....
3. Description of goods or services to be supplied to the purchaser.....

If a number of items are to be supplied, a detailed list should be appended to this certificate.

4. Total contract price payable by purchaser (state CIF, C & F or FOB)
£.....

IF GOODS ARE TO BE SUPPLIED THE FOLLOWING SECTIONS MUST BE COMPLETED. If the contractor is exporting agent only, the information requested should be obtained from manufacturer.

5. Estimated % of the FOB value of the goods *not* originating in the United Kingdom, but purchased by the contractor directly from abroad, *i.e.* % of imported raw material or components used to manufacture:

- (a) % FOB value
(b) Description of items and brief specifications.....

6. If any raw material or components used originated from abroad, *e.g.* copper, asbestos, cotton, wood pulp, etc., but have been purchased in the United Kingdom by the contractor for this contract, specify:

- (a) % FOB value.....
(b) Description of items and brief specifications.....

IF SERVICES ARE TO BE SUPPLIED, THE FOLLOWING SECTION SHOULD ALSO BE COMPLETED

7. State the estimated value of any work to be done or services performed in the purchaser's country by:

- (a) Your firm (site engineer's charges, etc).....
(b) Local contractor.....

8. Qualifying remarks as necessary in respect of paragraph 5, 6 or 7 above
.....

9. I hereby declare that I am employed in the United Kingdom by the Contractor named below and have the authority to sign this certificate. I hereby undertake that in performance of the contract no goods or services which are not of United Kingdom origin will be supplied by the Contractor other than those specified in paragraphs 5, 6, 7 and 8 above.

ANNEX C (CHEMICALS)

United Kingdom/Brazil Loan 1973

CONTRACT CERTIFICATE FOR CHEMICAL AND
ALLIED PRODUCTS ONLY

Reqn. No.:

1. Date of Contract..... Contract No.....
Project Title (if appropriate).....

| 2. Description of Product(s) to be supplied to Purchaser (Note A) | £ Price | U.K. Tariff Classification No. (Note B) | Is the product of U.K. origin? (See Note C) State Yes or No |
|---|------------|---|--|
| | | | |
| | | | |
| | | | |

3. Total [estimated] Contract Price payable by Purchaser in Sterling—£.....

4. (Declaration.) I hereby declare that I am employed in the United Kingdom by the contractor named below and have the authority to sign this certificate, and that the above information is correct.

Signed

Position held

Name and Address of Contractor

Date.....

NOTES

- A. This form is only to be used for chemical and allied products, most of which are covered by the appropriate sub-headings of Chapters 15, 25, 28-35, and 37-40 of the U.K. Tariff.
- B. See:
- (i) H.M. Customs and Excise Tariff, H.M.S.O.
 - (ii) Classification of Chemicals in Brussels Nomenclature H.M.S.O.
- C. (i) A product is regarded as "U.K. origin" if made *either* wholly from indigenous U.K. materials *or* according to the appropriate EFTA qualifying process using imported materials wholly or in part.
- (ii) The EFTA qualifying processes are set out in Schedule I of the "EFTA Compendium for Use of Exporters", H.M.S.O.
- (iii) For the purposes of this declaration it is to be emphasised that the "alternative percentage criterion" DOES NOT APPLY.
- (iv) The words "Area Origin" where they appear in the above Schedule must be taken to mean "U.K. Origin" only.
- (v) For the purposes of this declaration, the "Basic Materials List" (Schedule III of the EFTA Compendium) does not apply.
- (vi) If a qualifying process is not listed for the material in question, advice should be sought from CS4 Department, Crown Agents for Oversea Governments and Administrations, 4 Millbank, London, S.W.1.
- D. For the purpose of this declaration the U.K. includes the Channel Islands and the Isle of Man.

ANNEX C (i)

United Kingdom/Brazil Loan 1973

To: The Government of Brazil

Ref. No.

We are pleased to inform you that we accept

We regret to inform you that we cannot accept the contract, particulars of which are set out in the copy certificate attached hereto, as eligible for payment from the above-mentioned loan to the extent of £

Would you please ensure that the above reference contract number is quoted on payment documents and correspondence relating to this Contract.

Date

.....
Signed on behalf of the Government
of the United Kingdom

ANNEX C (ii)

United Kingdom/Brazil Loan 1973

REQUEST FOR DRAWING

Sums amounting to £..... are expected to fall due within the next week (approximately) under contracts accepted by you under the terms of the above-mentioned loan.

The amount available in the Special Account to meet the above payments is £..... and a further payment into the Account of £..... is hereby requested.

The sum of £..... now requested shall on payment into the Account constitute a drawing on the Loan.

Date

.....
Signed on behalf of the Federative
Government of Brazil

To: The Agents

ANNEX D

United Kingdom/Brazil Loan 1973**PAYMENT AUTHORITY**

Serial No.:

Dear Sir,

.....ACCOUNT

You are hereby authorised to make the following payments from the above-mentioned Account in respect of the attached invoices:

| Name and Address of Contractor | Contract No./ Reference | Payment | |
|-----------------------------------|----------------------------|-------------|--------|
| | | Invoice No. | Amount |
| | | | £ |

It is hereby certified that the above-mentioned payments are due in sterling to the Contractors named above under the contracts specified against the name of the relevant Contractor who is carrying on business in the United Kingdom.

Signed on behalf of the Federative
Government of Brazil

.....

.....

Date

Countersigned on behalf of the
Government of the United Kingdom

.....

.....

Date

To: The Manager

.....Bank

ANNEX E

United Kingdom/Brazil Loan 1973

PAYMENT CERTIFICATE

I hereby certify that

- (i) the payments referred to in the invoices listed below, which, or copies of which, accompany this payment certificate, fall due to be made in respect of Contract No. dated between the contractor named below and (Purchaser) and are in accordance with the particulars of this contract notified in the contract signed on behalf of the said contractor on

| Contractor's Invoice No. | Date | Amount £ | Short description of goods, works and/or services |
|--------------------------|------|-------------|---|
| | | | |

- (ii) The amounts specified in paragraph (i) do not include any additional foreign content to that declared in Paragraphs 5, 6 or 7 of the contract certificate.
- (iii) I have the authority to sign this certificate on behalf of the Contractor named below.

Signed

Position held

For and on behalf of

Name and address of contractor

.....
.....

Date

Note : For the purposes of this declaration the United Kingdom includes the Channel Islands and the Isle of Man.

*The Minister of State for External Relations of Brazil to Her Majesty's
Ambassador at Brasilia*

*Ministerio das Relações Exteriores
Em 20 de novembro de 1973*

Senhor Embaixador,

Tenho a honra de acusar o recebimento da nota nº 397, de 20 do corrente mês, cujo teor, em português, é o seguinte:

“Excelência,

Tenho a honra de me referir aos recentes entendimentos sobre assistência para o desenvolvimento entre o Governo do Reino Unido da Grã-Bretanha e Irlanda do Norte e o Governo da República Federativa do Brasil e de informar Vossa Excelência de que o Governo do Reino Unido está disposto a concluir um Acordo com o Governo brasileiro nos termos que se seguem. A posição do Governo do Reino Unido com relação ao suprimento de fundos e os compromissos deste Governo e do Governo brasileiro no que se refere a assuntos conjuntos serão estabelecidos respectivamente nos itens A e B abaixo.

- A. O Governo do Reino Unido declara ser seu propósito colocar à disposição do Governo brasileiro (por intermédio dos agentes que este Governo designe por nota ao Governo do Reino Unido), através de empréstimo, uma soma não superior a £10,000,000 (dez milhões de libras esterlinas) para a aquisição de certos bens e serviços no Reino Unido para ajuda a projetos de desenvolvimento nas regiões menos desenvolvidas do Brasil.
- B. (1) O Governo do Reino Unido adotará os dispositivos e procedimentos descritos nos parágrafos seguintes desta nota para tudo aquilo que se relacione com o que deva ser feito diretamente por este Governo ou por sua conta. O Governo do Brasil adotará os dispositivos e procedimentos descritos em tudo aquilo que se relacione com a que deva ser feito por este Governo ou por sua conta.
- (2) Os projetos a serem beneficiado pelo empréstimo posteriormente e a lista dos bens e serviços a serem adquiridos para cada projeto serão objeto de entendimento entre o Governo do Brasil e o Governo do Reino Unido. Serão feitos saques sobre o empréstimo, nas condições previstas no parágrafo 5, para pagamentos de acordo com os contratos efetuados para a aquisição de tais bens e serviços e ajuda a tais projetos. Quando for prestada assistência a um projeto de âmbito de um Estado do Brasil ou de uma entidade pública autônoma ou semi-autônoma brasileira os termos do empréstimo serão ajustados em cada caso entre o Governo do Reino Unido e o Governo do Brasil.
- (3) (a) Para esses ajustes o Governo do Brasil abrirá, através de pedido nos termos estabelecidos no Anexo A da presente Nota, uma conta especial (a seguir denominada “a Conta”) em um banco

de Londres (a seguir denominado “o Banco”). A Conta será movimentada de acordo com as instruções contidas no pedido em apreço.

- (b) Tão logo a conta seja aberta e antes de tomar quaisquer medidas requeridas por estes entendimentos para obtenção de qualquer parcela do empréstimo, o Governo brasileiro fornecerá aos agentes designados pelo Governo do Reino Unido para agir em nome deste Governo (a seguir denominados “Agentes”), uma cópia das instruções dadas ao Banco de acordo com o disposto anteriormente neste parágrafo. O Governo brasileiro, ou o Banco em seu nome, notificará aos Agentes, ao mesmo tempo e cada vez que houver alterações nesse particular, os nomes dos funcionários devidamente autorizados a assinar em seu nome as autorizações de pagamentos e pedidos de saques a seguir preparados tal como descrito nos anexos C (ii) e D da presente Nota e fornecerá exemplares em duplicata da assinatura de cada um de tais funcionários.
 - (c) O Governo brasileiro estará atento a que o Banco remeta mensalmente aos Agentes um extrato da conta, com os recebimentos e pagamentos.
- (4) (a) Quando o Governo brasileiro propuser que parte do empréstimo seja destinada a um projeto, remeterá ao Governo do Reino Unido, através da Embaixada britânica, uma descrição do projeto e sua localização e fornecerá os pormenores posteriores que o Governo do Reino Unido possa solicitar.
- (b) O Governo do Reino Unido notificará, com a possível brevidade, o Governo brasileiro da aprovação da proposta para destinar parte do empréstimo a um projeto, o montante do empréstimo aprovado tal como provisionalmente destinado ao custo externo e de quaisquer condições especiais ligadas a tal aprovação. Os custos locais referentes a um projeto somente poderão ser financiados pelo empréstimo com o assentimento do Governo do Reino Unido.
 - (c) Para fins da Nota “custo externo” significa custos em libras esterlinas ocorridos no Reino Unido, e “custos locais” (que exclui direitos de importação, imposto de vendas e quaisquer outros impostos cobrados diretamente no Brasil) significa custos pagáveis no Brasil.
 - (d) O Governo brasileira solicitará o assentimento posterior do Governo do Reino Unido se a qualquer tempo for necessário emendar um projeto aprovado.
 - (e) O Governo brasileiro quando propuser que parte do empréstimo seja destinado a bens e serviços não requeridos para um projeto específico, remeterá ao Governo do Reino Unido, por intermédio da Embaixada britânica, uma descrição completa de tais bens e serviços, os fins a que se destinam e quaisquer outros pormenores solicitados pelo Governo do Reino Unido, e o Governo do Reino Unido notificará com a possível brevidade o Governo brasileiro

da aprovação da proposta de destinar parte do empréstimo a tais bens e serviços, do montante do empréstimo aprovado tal como provisionalmente fixado e de quaisquer condições especiais ligadas a tal aprovação.

- (5) Salvo para o propósito (se for o caso) em relação ao qual os Governos do Brasil e do Reino Unido possam acordar de outra maneira, os saques sobre o empréstimo serão somente utilizados conforme estipulado no parágrafo 2:
- (a) para pagamentos referentes a contrato para aquisição no Reino Unido (expressão que nesta Nota considera-se como incluindo as Ilhas do Canal e a Ilha de Man) de bens totalmente produzidos ou manufaturados no Reino Unido, ou no caso de produtos químicos ou associados, bens que tenham sido devidamente declarados como originários do Reino Unido na forma indicada no Anexo C (Produtos químicos) da presente Nota, ou para trabalho a ser executado ou para serviços a serem prestados por pessoas que habitualmente residam ou realizem negócios no Reino Unido, incluído o custo de serviços de consultoria por firma de consultores cujo principal centro de atividade seja o Reino Unido e que tenha sido selecionada após consulta ao Governo de Reino Unido e em condições por ele aprovadas ou para dois ou mais desses propósitos, deverá ser feito um contrato que:
- (i) estipule pagamentos em libras esterlinas a pessoas mantendo negócios no Reino Unido; e
 - (ii) esteja aprovado em nome do Governo do Brasil e em nome do Governo do Reino Unido para financiamento dentro do empréstimo; e
 - (iii) seja um contrato apresentado após a data desta Nota e antes de 20 de novembro de 1977.
- (b) para reembolso de qualquer banco no Reino Unido por pagamentos que tenha efetuado de acordo com as disposições de cartas de crédito abertas ou avisadas depois da data desta Nota para facilitar a execução de um contrato que satisfaça as condições especificadas no sub-parágrafo (a).
- (c) para pagamento dos encargos e comissões bancárias em libras esterlinas pagáveis no Reino Unido:
- (i) ao Banco por seus serviços relacionados com este empréstimo;
e
 - (ii) a qualquer banco no Reino Unido pelas cartas de crédito mencionadas no sub-parágrafo (b).
- (6) (a) Quando a Governo do Brasil propuser que parte do empréstimo seja aplicada em um contrato para a aquisição de bens ou serviços aprovado de acordo com as disposições do parágrafo (2), aquele Governo no caso de contratos descritos no parágrafo (5) (a) verificará que sejam enviados com a possível brevidade aos Agentes:

- (i) uma cópia do contrato, ou de notificação nos termos estabelecidos no Anexo B da presente Nota; e
 - (ii) duas cópias de certificado do contratante do Reino Unido interessado nos termos estabelecidos no Anexo C ou Anexo C (Produtos químicos), conforme o caso, da presente Nota.
- (b) O Governo do Brasil verificará que os Agentes sejam informados caso a qualquer momento um contrato já apresentado de acordo com as disposições precedentes deste parágrafo seja emendado, ou se dele haja decorrido ou venha a decorrer responsabilidade em montante maior ou menor do que o especificado no certificado do contrato; e em qualquer destes casos o Governo brasileiro verificará que os documentos suplementares ou revisados importantes sejam enviados com a possível brevidade aos Agentes.
- (7) (a) Depois que os documentos obtidos em conformidade com o procedimento descrito nas disposições precedentes desta Nota tenham sido examinados por parte do Governo do Reino Unido, este Governo decidirá se e em que medida um contrato estará em condições de ser pago dentro do empréstimo e notificará de conformidade com os termos estabelecidos no Anexo C (i) da presente Nota. Caso o Governo do Reino Unido decida que um contrato não reúne os requisitos necessários, consultará o Governo brasileiro com vista à possibilidade de uma decisão através de entendimento mútuo.
- (b) Na medida em que o Governo do Reino Unido aceitar o contrato ou transação e concordar com o pagamento pela conta, seus Agentes, ao receberem solicitação do Governo brasileiro nos termos previstos no Anexo C (ii) da presente Nota contendo pormenores dos pagamentos contratuais afetados ou em vias de serem efetuados, providenciarão pagamentos em libras esterlinas, a serem depositados na Conta pelo Governo do Reino Unido, e cada um de tais pagamentos constituirá um saque sobre o empréstimo.
- (c) A menos que o Governo do Reino Unido concorde em contrário não será efetuado depósito na Conta após o dia 20 de novembro de 1978.
- (8) Retiradas da Conta serão efetuadas somente da maneira e sob as condições estabelecidas neste parágrafo:
- (a) para pagamentos devidos em virtude de contrato ao qual se refira o parágrafo B (5) (a), as retiradas serão efetuadas de acordo com e mediante o recebimento das autorizações de pagamento pelo Banco, na forma indicada no Anexo D da presente Nota devidamente assinadas em nome do Governo do Brasil e endossadas em nome do Governo do Reino Unido. Cada autorização de pagamento será enviada em duplicata aos Agentes para endosso e será acompanhada de certificados de pagamento dos contratantes interessados, na forma indicada no Anexo E para

esse fim e das faturas ali mencionadas; ou as faturas somente no que se refere a contratos para os quais foi preparado um certificado de contrato na forma indicada no Anexo C (Produtos Químicos);

- (b) para reembolsos a um banco nos casos a que se refere o parágrafo B (5) (b), os saques serão efetuados somente mediante recebimento pelo Banco de cartas de crédito acompanhadas de certificado de pagamento preenchido pelo Contratante na forma indicada no Anexo E da presente Nota e as faturas ali referidas ou somente faturas para os contratos com referência aos quais foi apresentado um Certificado de Contrato na forma descrita no Anexo C (Produtos Químicos), desde que o montante do reembolso, excluídas as despesas bancárias em libras esterlinas, não exceda a quantia especificada com referência a esse contrato na notificação nos termos indicados no Anexo C (i) da presente Nota. O Banco remeterá aos Agentes principais Certificados de Pagamentos e Faturas logo que qualquer de tais reembolsos tenha sido efetuado;
- (c) para pagamentos nos casos a que se refere o parágrafo B (5) (c) acima, o Governo brasileiro verificará que o Banco leve a débito da Conta e informe os Agentes das quantias assim debitadas e, para pagamentos a que se refere o parágrafo B (5) (c) (ii), forneça pormenores do contrato com que se relaciona cada um dos pagamentos;
- (d) para os fins deste parágrafo poderão ser apresentadas fotocópias ou duplicatas das faturas em vez dos originais.
- (9) Se qualquer quantia paga através da Conta for subsequentemente restituída pelo Contratante ou por um Abonador, o Governo brasileiro depositará, enquanto existirem pagamentos a serem efetuados pela Conta, o equivalente de tais somas na Conta e, em qualquer outro caso, aplicará as restituições para a redução do empréstimo.
- (10) O Governo do Brasil reembolsará o Governo do Reino Unido em libras esterlinas, em Londres, da soma total emprestada em virtude das disposições estabelecidas na presente Nota, devendo tais reembolsos serem efetuados em prestações pagas nas datas e nos montantes abaixo especificados; exceto se, na data do vencimento de uma prestação, houver a liquidar menos do que o montante especificado para essa data, será necessário pagar somente a quantia então pendente.

| <i>Data de vencimento</i> | <i>Prestações</i> | <i>Quantia</i> £ |
|--|-------------------|---------------------|
| 20 de maio de 1978 e no dia 20 de maio de cada um dos 20 anos sucessivos | | 238,100 |
| 20 de novembro de 1978 e dia 20 de novembro de cada um dos 19 anos sucessivos | | 238,100 |
| 20 de novembro de 1998 | | 237,900 |

- (11) O Governo brasileiro pagará ao Governo do Reino Unido, em libras esterlinas, em Londres, juros dos saques sobre o empréstimo segundo as disposições seguintes:
- (a) com relação a cada saque a taxa de juros será de cinco por cento ao ano;
 - (b) os juros serão calculados em uma base de dia a dia sobre o saldo do empréstimo pendente no momento;
 - (c) o primeiro pagamento de juros cabíveis (se for o caso) será efetuado em 20 de maio de 1974 e os pagamentos subsequentes serão feitos a 20 de novembro de 1974 e, em seguida, em 20 de maio a 20 de novembro de cada ano.
- (12) Não obstante as disposições do parágrafo (10), o Governo brasileiro poderá, a qualquer momento anterior reembolsar o Governo do Reino Unido em libras esterlinas, em Londres, da totalidade ou qualquer parcela do empréstimo ainda pendente, juntamente com os juros cabíveis sobre o mesmo calculados conforme o disposto no parágrafo (11) até a data do pagamento.
- (13) O Governo brasileiro assegurará o suprimento dos meios financeiros necessários para completar o projeto, adicionais ao empréstimo efetuado de acordo com as normas indicadas na presente Nota.
- (14) Com referência aos bens e serviços fornecidos com recursos do empréstimo, o Governo brasileiro permitirá a funcionários da Embaixada britânica e outros funcionários ou agentes do Governo do Reino Unido inspecionar tais bens ou os documentos relacionados com tais bens e serviços e fornecerá a tais funcionários ou agentes as informações referentes aos bens e serviços que estes possam razoavelmente solicitar.
- (15) Seis meses após a data do último saque sobre a conta, de acordo com o parágrafo B(7)(c) da presente Nota, o saldo remanescente da conta será remetido ao Governo do Reino Unido para dedução do empréstimo, a menos que os dois Governos decidam de outro modo.
- (16) Não serão aplicados os conceitos de similaridade estabelecidos pelo Artigo 17 do Decreto-lei 37, de 18 de novembro de 1966, do Governo brasileiro. O Governo do Brasil concederá isenção da aplicação do referido Decreto-lei de similares nacionais, bem como de quaisquer direitos aduaneiros e outras taxas, proibições e restrições aplicadas às importações bem como quaisquer outros encargos fiscais com relação a produtos britânicos, equipamentos e materiais a serem fornecidos para qualquer dos projetos autorizados dentro desse empréstimo.
- (17) Caso o que precede seja aceitável pelo Governo brasileiro, tenho a honra de propor que a presente Nota e seus anexos juntamente com a resposta de Vossa Excelência nesse sentido constituam um acordo entre os dois Governos a entrar em vigor na data da resposta de Vossa Excelência e será denominado Acordo de Empréstimo Reino Unido-Brasil 1973.

Aproveito a oportunidade para renovar a Vossa Excelência os protestos da minha mais alta consideração.”

2. Em resposta, informo Vossa Excelência de que o Governo brasileiro concorda com a proposta contida na nota acima transcrita, a qual juntamente com seus anexos e com a presente passa a constituir um acordo entre o Governo da República Federativa do Brasil e o Governo do Reino Unido a entrar em vigor na data de hoje.

Aproveito a oportunidade para apresentar a Vossa Excelência os protestos da minha mais alta consideração.

MARIO GIBSON BARBOZA

[Translation of No. 2]

Ministry of External Relations
20 November, 1973

Your Excellency,

I have the honour to acknowledge receipt of your Note No. 397, of the 20th of this month, of which the following is the Portuguese text:

[As in No. 1]

In reply, I inform Your Excellency that the Brazilian Government agree with the proposal contained in the Note transcribed above, which together with its annexes and with this document constitutes an agreement between the Government of the Federative Republic of Brazil and the Government of the United Kingdom which shall enter into force on this day's date.

I avail myself of this opportunity to present to Your Excellency the assurances of my highest consideration.

MARIO GIBSON BARBOZA

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