

N° 3700.

**BRÉSIL
ET GRANDE-BRETAGNE
ET IRLANDE DU NORD**

Accord relatif aux paiements commerciaux. Signé à Rio de Janeiro, le 27 mars 1935.

**BRAZIL
AND GREAT BRITAIN
AND NORTHERN IRELAND**

Agreement respecting Commercial Payments. Signed at Rio de Janeiro, March 27th, 1935.

No. 3700. — AGREEMENT¹ BETWEEN HIS MAJESTY'S GOVERNMENT IN THE UNITED KINGDOM AND THE BRAZILIAN GOVERNMENT RESPECTING COMMERCIAL PAYMENTS. SIGNED AT RIO DE JANEIRO, MARCH 27TH, 1935.

English and Portuguese official texts communicated by His Majesty's Secretary of State for Foreign Affairs in Great Britain. The registration of this Agreement took place July 12th, 1935.

Whereas it is the intention of the Brazilian Government to maintain in force the existing exchange regulations, which allow all goods imported after the 11th February, 1935, to be paid for by the purchase of exchange on the free market, and also allow 40 per cent. of all arrears of commercial debts in respect of imports from the 11th September, 1934, to the 11th February, 1935, to be liquidated by the purchase of exchange on the free market; and

Whereas the Brazilian Government desire to make arrangements for the liquidation as rapidly as possible of all arrears of commercial debts to the United Kingdom;

THE GOVERNMENT OF THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND and THE GOVERNMENT OF THE UNITED STATES OF BRAZIL have agreed as follows:

Article 1.

For the purpose of liquidating the arrears of commercial debts to the United Kingdom as defined in Article 12 (hereinafter called "the arrears") in accordance with the provisions of this Agreement, the Brazilian Government will, out of the percentage of foreign exchange reserved for Government requirements, set aside an annual amount of £1,200,000, to which, if necessary, there shall be added on the termination of the Arrangement of June 1933, as defined in Article 12, a further annual amount of £853,000. The said annual amount, or the sum of both the said annual amounts, as the case may be, is hereinafter called "the annuity".

Article 2.

The Brazilian Government will create 4 per cent. sterling stock (hereinafter called "the stock") the service of which will be met from the annuity.

Article 3.

The Government of the United Kingdom will grant their consent to the issue of the stock in the United Kingdom.

¹ Came into force March 27th, 1935.

Article 4.

The Brazilian Government will make every endeavour to provide within thirty days of the date of the signature of this Agreement the sum of £1,000,000, which shall be used without delay for the payment in cash of all the small arrears and a proportion of the other arrears in such manner as will be agreed between the contracting Governments.

Article 5.

In so far as the arrears are not liquidated out of the sum referred to in Article 4 of this Agreement, the Brazilian Government will offer to the creditors concerned an amount of the stock the face value of which will be equal in each case to the sterling amount of the outstanding debt ; any debt in a currency other than sterling shall be converted into sterling at the rate of exchange current on the date on which the offer is made, except that any debt in milreis shall be converted at the official rate of exchange when the debt fell due.

Article 6.

Interest on the stock shall be paid out of the annuity, and the balance of the annuity not used for this purpose shall be employed to redeem the stock by repayment at par, under detailed conditions to be agreed between the contracting Governments.

Article 7.

The Brazilian Government undertake that no arrangement relative to the liquidation of arrears of commercial debts shall be made with any other country on conditions more favourable to that country than those accorded to the United Kingdom by this Agreement.

Article 8.

Persons in Brazil shall liquidate by purchase of exchange on the free market 40 per cent. of the arrears in respect of imports from the 11th September, 1934, to the 11th February, 1935, without awaiting the settlement of the balance of 60 per cent.

Article 9.

The contracting Governments agree that neither shall at any time discriminate against the other or persons in the United Kingdom or in Brazil, as the case may be, either as regards the allocation and regulation of exchange or the grant of import licences imposed with the object of regulating exchange.

Article 10.

The nominal amount of stock to be issued and the detailed terms and conditions thereof shall, if necessary, form the subject of a subsequent agreement between the contracting Governments.

Article 11.

Nothing in this Agreement shall prejudice the execution of the Arrangement of June 1933, the terms of which will continue to be integrally carried out.

Article 12.

(a) " The arrears of commercial debts to the United Kingdom " shall mean debts, including any interest legally due thereon, due to persons in the United Kingdom from persons in Brazil

in respect of the sale of goods imported into Brazil prior to the 12th February, 1935, except (i) such part of such debts as are covered by exchange contracts concluded by the Banco do Brasil, and will therefore be liquidated in accordance with the terms of those contracts; and (ii) in the case of debts in respect of imports after the 10th September, 1934, 40 per cent. of such debts, in view of the fact that this 40 per cent. may be liquidated by the purchase of free exchange.

(b) "Persons in the United Kingdom" shall mean individuals and corporations ordinarily resident or ordinarily carrying on business in the United Kingdom.

(c) "Persons in Brazil" shall mean individuals and corporations ordinarily resident or ordinarily carrying on business in Brazil, and shall include Governments and public organisations.

(d) "The Arrangement of June 1933" shall mean the arrangements for the settlement of the arrears of commercial debts due to the United Kingdom set out in a circular letter issued on the 7th July, 1933, by the London agents of the «Banco do Brasil».

Article 13.

This Agreement shall come into operation on the date of signature, and shall remain in force until the last due date for the redemption of the stock.

In witness whereof the undersigned, duly authorised to this effect, have signed the present Agreement and have thereto affixed their seals.

Done at Rio de Janeiro in duplicate, this 27th day of March, 1935.

For the Government of the United Kingdom
of Great Britain and Northern Ireland :

(L. S.) William SEEDS.

For the Government of the United States
of Brazil :

(L. S.) José Carlos DE MACEDO SOARES.