

No. 1899

**UNITED STATES OF AMERICA
and
BRAZIL**

**Exchange of notes constituting an agreement relating to a
Joint Brazil-United States Commission for Economic
Development. Rio de Janeiro, 21 October and 19 De-
cember 1950**

Official texts: English and Portuguese.

Registered by the United States of America on 14 October 1952.

**ÉTATS-UNIS D'AMÉRIQUE
et
BRÉSIL**

**Échange de notes constituant un accord relatif à une com-
mission mixte américano-brésilienne pour le développe-
ment économique. Rio-de-Janeiro, 21 octobre et 19 dé-
cembre 1950**

Textes officiels anglais et portugais.

Enregistré par les États-Unis d'Amérique le 14 octobre 1952.

No. 1899. EXCHANGE OF NOTES CONSTITUTING AN AGREEMENT¹ BETWEEN THE UNITED STATES OF AMERICA AND BRAZIL RELATING TO A JOINT BRAZIL-UNITED STATES COMMISSION FOR ECONOMIC DEVELOPMENT. RIO DE JANEIRO, 21 OCTOBER AND 19 DECEMBER 1950

I

The Brazilian Ministry of Foreign Affairs to the American Embassy

[PORTUGUESE TEXT - TEXTE PORTUGAIS]

[TRANSLATION² — TRADUCTION³]

MINISTÉRIO DAS RELAÇÕES EXTERIORES
RIO DE JANEIRO
DE/526/812. (22) (42)

MINISTRY OF FOREIGN AFFAIRS
RIO DE JANEIRO

DE/526/812.(22)(42)

O Ministério das Relações Exteriores cumprimenta a Embaixada dos Estados Unidos da América e tem a honra de acusar o recebimento da nota-verbal nº 145, de 10 de outubro corrente, na qual a Embaixada, referindo-se às conversações havidas nesta capital entre seus funcionários e representantes do Governo brasileiro sobre cooperação dos dois países no sentido de se promover o desenvolvimento econômico do Brasil, manifesta a esperança de que as autoridades brasileiras estejam em condições de formular propostas definitivas para serem transmitidas ao Governo dos Estados Unidos da América.

2. Em resposta, o Ministério das Relações Exteriores informa a Embaixada dos Estados Unidos da América de que o ponto de vista do Governo brasileiro acha-se consubstanciado no Memorando desta data que, com seus anexos, acompanha a presente nota-verbal.

Rio de Janeiro,
em 21 de outubro de 1950.

The Ministry of Foreign Affairs presents its compliments to the Embassy of the United States of America and has the honor to acknowledge the receipt of note verbale No. 145 of October 10th of this year, in which the Embassy, referring to the conversations held in this Capital between its officials and representatives of the Brazilian Government on cooperation by both countries to the end of furthering the economic development of Brazil, expresses the hope that the Brazilian authorities are in a position to formulate definitive proposals to be transmitted to the Government of the United States of America.

2. In reply, the Ministry of Foreign Affairs informs the Embassy of the United States of America that the point of view of the Brazilian Government is stated in the Memorandum of this date, which, together with its annexes, is attached to the present note verbale.

Rio de Janeiro,
October 21, 1950.

¹ Came into force on 19 December 1950, by the exchange of the said notes.

² Translation by the Government of the United States of America.

³ Traduction du Gouvernement des États-Unis d'Amérique.

MEMORANDO

Tendo em vista a promulgação da lei sobre o « Desenvolvimento Econômico Internacional », que autoriza o Governo dos Estados Unidos da América do Norte a cooperar com os Governos de outros países, o Governo do Brasil considera útil o estabelecimento imediato de uma Comissão Mista Brasileiro-Americana de Desenvolvimento Econômico.

2. A Comissão Mista deveria ser dirigida por dois Presidentes, um brasileiro e outro americano. As deliberações seriam tomadas, conjuntamente, por ambos.

3. As diretrizes da Comissão seriam, presentemente, as seguintes :

a) — Exame do grau de assistência técnica mais conveniente ao Brasil para acelerar a elaboração de determinados projetos, com prioridade daqueles que se relacionem com os transportes, energia elétrica e agricultura.

b) — Estudo de oportunidades para a utilização do conhecimento técnico, do trabalho especializado e dos investimentos estrangeiros, que possam contribuir para a realização de projetos específicos favoráveis ao desenvolvimento do potencial econômico brasileiro.

c) — Exame das medidas de ordem geral e legal, que sejam convenientes ou necessárias para remover obstáculos e facilitar a realização dos projetos considerados necessários ao desenvolvimento econômico.

4. A Comissão Mista prepararia estudos e relatórios destinados às autoridades competentes do Brasil e dos Estados Unidos da América do Norte. Nesses relatórios, a Comissão apresentaria recomendações relativas a projetos que favoreçam, de maneira precípua, a expansão econômica do Brasil. Estas recomendações deveriam

MEMORANDUM

In view of the promulgation of the law on "International Economic Development," which authorizes the Government of the United States of America to cooperate with the governments of other countries, the Government of Brazil deems it desirable that there be immediately established a Joint Brazil-United States Economic Development Commission.

2. The joint commission should be headed by two chairmen, one a Brazilian and the other an American. Decisions would be taken jointly by both.

3. The terms of reference of the commission would, for the present, be the following :

a) — Determination of the degree of technical assistance which is most desirable for Brazil to hasten the implementation of certain projects, priority being given to those related to transportation, electric power and agriculture.

b) — Examination of the opportunities for the utilization of technical knowledge, skilled labor and foreign investments, which might contribute to the realization of specific projects conducive to the development of the Brazilian economic potential.

c) — Determination of general and legal measures which may be desirable or necessary to remove obstacles and facilitate the realization of projects considered to be necessary to economic development.

4. The joint commission would prepare studies and reports for the appropriate authorities in Brazil and the United States of America. In these reports, the commission would make recommendations relative to projects favoring, as a first consideration, the economic expansion of Brazil. These recommendations should include proposals

incluir propostas de medidas e diretrizes que deveriam ser adotadas ou seguidas pelos Governos do Brasil e dos Estados Unidos da América, com o fim de assegurar a exequibilidade dos projetos elaborados.

5. A Comissão Mista seria subdividida em tantas sub-comissões quantas fossem julgadas necessárias ao desenvolvimento dos trabalhos, devendo cada uma delas ser presidida conjuntamente por um diretor brasileiro e outro americano. De início, seriam estabelecidas as seguintes :

a) — Transporte : Essa sub-comissão procuraria fixar a coordenação dos transportes terrestres, ferroviários e marítimos; estudaria projetos e ante-projetos de linhas férreas de interesse nacional, de melhoramentos de traçados, da via permanente das estradas existentes, das possibilidades presentes ou futuras de uniformização de bitolas e de tipos de equipamento e engates, de material fixo, rodante, de oficinas e sinalização, tudo com o fim de melhorar a capacidade de transporte, a eficiência do tráfego e a promover a redução do custo dos transportes. (Anexo I).

Procederia, também, ao estudo técnico e econômico da navegação de cabotagem, dos meios de melhorar sua eficiência, de baixar seus custos, além da elaboração dos projetos dos equipamentos necessários à frota e aos portos.

b) — Energia Elétrica : Essa sub-comissão teria a seu cargo o estudo do desenvolvimento das fontes de energia elétrica. Estudaria projetos específicos relativos à instalação ou ampliação de usinas elétricas, principalmente as hidro-elétricas, cujo desenvolvimento seja reclamado com urgência pela situação econômica das respectivas zonas.

c) — Alimentação e Agricultura : Essa sub-comissão estudaria ou elaboraria projetos relacionados com a Alimentação e

of measures and directives which should be adopted or followed by the Governments of Brazil and the United States of America in order to assure the feasibility of the projects.

5. The joint commission would be subdivided into as many subcommissions as might be considered necessary to the development of the work, and each one of them would have as joint chairman a Brazilian and an American. At the outset, they would be established as follows :

a)—Transportation : This subcommission would try to establish coordination between land, railway and maritime transportation; it would study projects and proposals for railway lines of national interest, for improvement of route schemes, for permanent routes of existing roads, for present or future possibilities for standardization of gauge and types of equipment and coupling, structures, rolling stock, shops and signaling systems, in order to improve the carrying capacity, traffic efficiency, and to promote the reduction of transportation costs. (Annex I).

It would also make a technical and economic study of coastal navigation, the means to improve its efficiency and to lower its costs, in addition to the formulation of projects for equipment necessary for the merchant fleet and ports.

b)—Electric power : This subcommission would be charged with the study of the development of sources of electric power. It would study specific projects relative to the installation or expansion of power plants, principally hydroelectric power plants the development of which is urgently needed by the economic condition of the respective zones.

c)—Food and Agriculture : This subcommission would study or prepare projects related to food and agriculture

Agricultura (Anexo III). Particular atenção deveria ser dada aos seguintes pontos :

I — O estabelecimento de matadouros industriais, frigoríficos, silos e armazens com serviços de expurgo, em locais considerados vantajosos para os produtores e escolhidos em articulação com os projetos de melhoria de serviços ferroviário, com o plano rodoviário e com os projetos de distribuição de energia.

II — Projetos destinados a aumentar a produção e distribuição de fertilizantes.

6. À Comissão Mista seria atribuída também a função de receber e estudar os pedidos de assistência técnica que viessem a ser feitos por órgãos da União, dos Estados, dos Municípios bem como por parte de entidades privadas. Seria dada prioridade aos pedidos de auxílio técnico referente à produção e exploração do carvão, fosfatos, fertilizantes minerais, pirita, chumbo, minérios de manganês, de ferro e de zinco.

7. A Comissão Mista dispensaria atenção toda especial a projetos, cujos estudos já estivessem adiantados, podendo, assim, a subcomissão competente iniciar seus trabalhos com o exame de tais projetos, encaminhando-os, se necessário, a empresas técnicas especializadas. Sendo os projetos relativos aos itens *a* e *b* do § 5º os mais urgentes e dispendiosos, notadamente se se tornar necessária a consulta de firmas especializadas, a Comissão Mista deveria reservar, no mínimo, 60 % da verba que lhe for destinada aos trabalhos da respectiva sub-comissão, durante os seis primeiros meses de funcionamento.

Subsequentemente, seria proposta a extensão dos planos e aumento das respectivas verbas concernentes aos trabalhos que se prendem às atividades geológicas

(Annex III). Special attention should be given to the following points :

I—The establishment of industrial slaughterhouses, cold-storage plants, silos and warehouses with decontamination services, in places considered to be advantageous to the producer and chosen in coordination with the projects for improvement of railway services, with the roadway plan and with projects for power distribution.

II—Projects designed to increase the production and distribution of fertilizers.

6. The joint commission would also be charged with receiving and studying the requests for technical assistance which might be made by agencies of the federal and state governments and of the municipalities, as well as by private organizations. Priority would be given to requests for technical assistance relative to the production and development of coal, phosphates, mineral fertilizers, pyrite, lead, manganese ore, iron ore and zinc ore.

7. The joint commission would give special attention to projects the study of which might already be advanced, the appropriate subcommission thus being able to begin its work with the examination of such projects, transmitting them, if necessary, to specialized technical organizations. In as much as projects relative to items *a* and *b* of paragraph 5 are the most urgent and costly, particularly if consultation with specialized firms is necessary, the joint commission should reserve at least 60 % of the funds which may be allocated to it for the work of the respective subcommission, during the first six months of operation.

Subsequently, proposals would be made for an extension of the plans and increase of the respective allocations relative to the work connected with geological, livestock

e agro-pecuárias, sendo de se ressaltar as seguintes :

- a) Levantamento e classificação do solo, quanto às suas características agrícolas em relação às culturas habituais do País;
- b) Conservação do solo e defesa contra a erosão;
- c) Expurgo e conservação dos produtos agrícolas;
- d) Estudos bromatológicos e agrostológicos, inclusive de processos para a produção de alimentos concentrados;
- e) Estudos e investigações sôbre doenças produzidas por virus;
- f) Tecnologia para industrialização de carnes, leites e outros produtos animais;
- g) Tecnologia da pesca e da industrialização do pescado;
- h) Combate aos parasitas, principalmente carrapatos e bernes.

8. Convem lembrar a conveniência da ida de técnicos brasileiros para o estrangeiro, dentro do programa de assistência técnica.

9. Considerando que o Govêrno americano efetuará o pagamento dos vencimentos e despesas de viagem do pessoal que venha ao Brasil para cooperar na execução do plano de assistência técnica, o Govêrno brasileiro concederá — mediante solicitação do Embaixador dos Estados Unidos ou do Chargé d'Affaires em exercício, — isenção de direitos aduaneiros aos artigos importados para uso oficial ou para uso pessoal de técnicos americanos.

10. O Govêrno brasileiro contribuirá, também, com pessoal, serviços e recursos financeiros para a realização dos estudos e dos projetos e proporcionará a acomodação para os serviços da Comissão. O montante da contribuição brasileira para os estudos e projetos será assentado posteriormente.

11. O Govêrno brasileiro tenciona prosseguir com a execução de programas de

and agricultural activities, of which the following would be emphasized :

- a) Survey and classification of the soil as to its agricultural characteristics in relation to the usual crops of the country;
- b) Soil conservation and protection against erosion;
- c) Decontamination and preservation of agricultural products;
- d) Study of food and feed, including processes for the production of concentrated food;
- e) Study and research on diseases caused by viruses;
- f) Mechanization of the production of meat, milk and other animal products;
- g) Mechanization of fishing and fish preservation;
- h) Parasite control, especially ticks and bot-flies.

8. It is desirable to point out the desirability of sending Brazilian experts abroad under the technical assistance program.

9. Since the United States Government will pay the salaries and travel expenses of the personnel sent to Brazil to cooperate in the implementation of the plan for technical assistance, the Brazilian Government, upon the request of the United States Ambassador or Chargé d'Affaires ad interim, will grant customs duty exemption for articles imported for official or personal use of the American technical personnel.

10. The Brazilian Government will also contribute personnel, services, and financial resources for the realization of the studies and projects, and will provide housing for the services of the commission. The amount of the Brazilian contribution for the studies and projects will be determined later.

11. The Brazilian Government intends to continue with the implementation of the

ajuda técnica já existente, no que concerne à exploração geológica e à assistência à saúde, higiene, educação tecnológica, prospecções geológicas e pesquisas agrícolas, esperando que os trabalhos relacionados com êsses planos sejam ampliados na medida dos recursos e pessoal que possam ser postos à sua disposição para êsse fim. É de ressaltar que os trabalhos dos técnicos americanos, ora em execução na Fazenda Ipanema, são dignos de serem intensificados. Outrossim, os trabalhos da empresa particular que tem a seu cargo, no momento, serviços de expansão agrícola no Estado de Minas Gerais, poderiam ser extendidas ao Vale do São Francisco, dentro do presente programa de assistência técnica.

technical aid programs already in course in the fields of geological exploration and assistance for health, sanitation and technological education, geological reconnaissance and agricultural research, with the hope that the work connected with these plans will be expanded to the extent made possible by the resources and personnel which may be made available to it for this purpose. It should be emphasized that the work of the American technicians which is now being carried out in Fazenda Ipanema should be intensified. In addition, the work of the private organization which is at present engaged in the services of agricultural expansion in the State of Minas Gerais, might be extended to the São Francisco Valley under the present program of technical assistance.

ANNEX No. 1

THE BRAZILIAN RAILROAD PROBLEM

The importance of the railroad problem of Brazil is easily appreciated in the United States.

The Brazilian economy in its commercial relations with the United States does not depend only on the transportation of light merchandise such as coffee and cacao. Among other products which could be flowing towards foreign markets in large quantity iron and manganese ore, lumber and other heavy items stand out which, however, are exported in insignificant quantities only because of railroad deficiencies.

To have an idea of the precarious situation of the Brazilian railroad equipment it is sufficient to state that for 20 years, since 1930, practically no replacement or expansion material needed to take care of the wear of equipment and the growth of population and production has been received.

At the beginning, in the 1930-39 decade, the fall in price of Brazilian exports and balance of payments difficulties, aggravated by the impossibility of obtaining credit, made it impossible for the railroads to renew their materiel and take care of maintenance. After this came the war period during which the equipment was over-used and the problem of maintenance became even more difficult.

In view of this deficiency, highways, instead of becoming supplementary and coordinating routes for railroads, bore the transportation burdens of railroads, causing a disproportionate increase in the cost of road transportation and aggravating the rail problem.

It is necessary, therefore, that a Technical Sub-commission be formed for the purpose of developing and coordinating projects and plans having in view the urgent improvement of the principal railroads.

The different projects of each railroad studied together will greatly facilitate the financing plan, making it possible, therefore, to execute the following program of rehabilitation of Brazilian railroad equipment :

Coordination of land, rail, and marine transportation; projects and project-studies of railroads of national interest, of improvement of route schemes (*traçados*), of permanent routes for existing railroads, of present or future possibilities of gauge, coupling and equipment standardization, of fixed and rolling stock, of shops and signalling systems—all with the aim of improving the carrying capacity, the efficiency of traffic and of reducing the cost of transportation. Part of this program is already included in the Salte Plan.

At present there is a program for the purchase of equipment involving a very high sum, 20 billion cruzeiros, precisely because of the lack of this indispensable study of the whole railroad problem.

In the Salte Plan the program referred to was much smaller because of the concern, laudable nevertheless, for attacking immediately only that considered most urgent. The estimate of the financial obligations in the Salte Plan is on the order of 8 billion cruzeiros or approximately 40 % of the entire Plan which is a good indication of the importance of the problem.

Even in the Salte Plan, however, this fundamental aspect of the problem of railroad improvement was not fully appreciated and it is because of this that the Plan considered meeting only the most immediate and urgent necessities of our roads. Nevertheless, the execution of the Plan will not be delayed or prejudiced by subjecting various specific projects connected to it to a program of materiel standardization, administrative coordination and traffic systematization.

It is recognized therefore that a survey of the needs of railways of Brazil consists of more than one essential aspect. In addition to the consideration of physical requirements there are the factors which relate to organization, management, and operations such as those pertaining to train operation and control, efficiency of facilities, maintenance and repair, safety factors, traffic development, labor relations, modern accounting practices and cost analysis, including equitable and compensatory rate structures.

In contemplating the utilization of technical services in connection with the improvement of traffic facilities, especially through the services of a professional engineering organization, the objective should be to furnish the skills to deal with the engineering aspects of immediate physical requirements as well as the management and operating skills including transport economists to deal comprehensively with all aspects of this important sector of the Brazilian economy.

ANNEX No. 2

POWER DEVELOPMENT

The need for power development has been emphatically recognized in the Report of the Joint Brazil-United States Technical Commission and the Salte Plan. In several states severe shortages plus the high cost of power is limiting industrial expansion. This is true in Rio Grande do Sul, São Paulo, and Minas Gerais. Besides limiting industrial expansion in several areas, power shortage is acting as a deterrent to the electrification of railroads and the establishment of refrigerated storage plants. It was

noted by the Joint Technical Commission that the development of hydroelectric energy might serve, in some cases, to increase the efficiency of river transportation and facilitate irrigation.

In 1947 there existed an installed hydroelectric capacity of 1,244,321 kilowatts. This was but a small fraction of the estimated hydroelectric power potential of 14.4 million kilowatts. Principally because of remote location it is not feasible to utilize much of this potential, but even if it were, it would not provide all the power for Brazil's over-all energy problem. Therefore consideration will have to be given to the expansion of thermal plants. Installed thermal electric capacity in 1947 was 252,538 kilowatts.

Consumption of electric energy has grown rapidly in Brazil as indicated by the figures below representing consumption in the seven principal state capitals during the years 1946 to 1948 :

(1,000 kWh)		
1946	.....	2,279,000
1947	.....	2,470,968
1948	.....	2,777,943

According to the statistics published by the Instituto Brasileiro de Geografia e Estatística the average annual private consumption of electric power in the Federal District and São Paulo during the years 1945 to 1949 was as follows :

(1,000 kWh)		
1945	.....	84,904
1946	.....	85,539
1947	.....	89,272
1948	.....	99,143
1949	.....	112,548

But the growth of installed capacity in the country, amounting in some years to 140,000 and 150,000 kilowatts, has not been sufficient to meet demand.

The Joint Technical Commission endorsed the scale of the power development program of the Salte Plan¹ as modified by the Subcommittee on Electric Energy which recommended that electric power capacity should be increased by approximately 200,000 kilowatts per year during the next few years and considered reasonable the expansion of power by about 1,300,000 kilowatts at a cost of about 9.5 billion cruzeiros in the six-year period 1948-1953.

Power development projects already exist in the States of Rio Grande do Sul, São Paulo and Minas Gerais. It might be appropriate to review these. Such a review may indicate the convenience of revising current plans or amplifying them and could form the basis for a coordinated power program which would take into consideration the establishment of thermo-generating facilities where such might be required because of insufficient usable hydroelectric potential.

The problem of financing power development would be a desirable field for study by competent technicians. In this they could be guided by the recommendations of the Joint Technical Commission which indicate that emphasis should be placed on

¹ The following information is provided by the Department of State of the United States of America (*Treaties and Other International Acts Series 2240*, p. 8, footnote 1): "The Salte law (No. 1102 of May 18, 1950) provides for the sum of 3,190,000,000 cruzeiros for power, divided as follows: electric power 1,650,000,000, petroleum 1,495,000,000, and coal 45,000,000. This is for the five-year period 1950-54."

continued reliance upon private enterprise with regulatory and supervisory control in the hands of the Government which may properly supplement private enterprise whenever the latter displays lack of interest or is otherwise reluctant to invest on power projects necessary to Brazil's economic development.

The opportunity which now presents itself to Brazil for an improvement in its electric power is of greatest significance since a joint subcommission in which North American technicians participate can make recommendations which will improve the possibilities of successful financing, including necessary foreign participation.

ANNEX No. 3

I—STORAGE AND WAREHOUSING

The installation of slaughterhouses and meat packing plants in certain places in the interior of Brazil offers tremendous advantages to both producers and consumers. At present, transportation of cattle on the hoof for long distances brings about serious losses to producers, overloads railroads, and handicaps the supply of meat to consumers. The fact was very well presented in the report of the Joint Brazil-United States Technical Commission of 1949 and is also emphasized in the Salte Plan.

Also, the urgency of installing a chain of general warehouses having cleaning and disinfecting facilities is clearly set forth in the aforementioned report which corroborates what is stated in the Salte Plan. The loss which farmers suffer for lack of these warehouses or silos is enormous.

They suffer losses during harvest because of the necessity of selling the product quickly to middlemen on account of the risk of rapid deterioration. They have difficulty in obtaining credit because they cannot offer adequate guarantees to creditors. Agricultural credit will be greatly facilitated with the ability to preserve the product.

It is recognized that the installation of warehouses, packing plants, cold storage facilities, etc. must be preceded by studies of the most desirable location, size, and specific features needed. Also this program needs to be coordinated with facilities in other fields, such as transportation and agriculture. Because it is a five to ten year program, it is considered wise to initiate activities at a reasonable rate, accelerating the program as experience is gained. Careful observation and study of the first projects developed, and of existing facilities, regarding construction and operation costs, volume of storage, seasonality of use, and management problems would provide the basis for sounder development of later works. Efficient technicians and managers in this field are not now available in sufficient numbers. They need to be supplemented with outside help and with a training program of Brazilians.

II—FERTILIZER PRODUCTION

The urgency of intensifying the production of fertilizers and the possibility of their expansion is set forth in detail in the report of the Joint Technical Commission. The urgency of prospecting for phosphates is connected with this undertaking. The consumption of phosphate fertilizers in Brazil is about 60,000 tons per year, while the requirement would be about 5,000,000 tons. It is now necessary to initiate an intensive program of studies and research covering all phases of the problem, such as the nature of the ores, the methods of processing, the technology of industrialization, and the economy of its application on a commercial basis.

Also needed is the development of other fertilizers, organic and inorganic, and their increased application at the former level.

Recommendations of the Joint Brazil-United States Technical Commission in regard to fertilizer production state :

“ The use of fertilizers should be encouraged in an effort to increase agricultural production without further depletion of soil fertility. However, the high cost of commercial fertilizers in Brazil, relative to the general level of agricultural prices, must be reduced sharply before a large increase in their use can be expected.

“ As means of encouraging the use of fertilizers, the following suggestions are worthy of consideration : (1) the intensification of surveys and studies of Brazil's phosphate deposits, and Government assistance to expedite such exploration and developments; (2) a public campaign to teach the use of green or organic fertilizers, and research to determine those best adapted to Brazil; (3) plans to utilize the residues from slaughterhouses and trash deposits; (4) the establishment of chemical-fertilizer manufacturing plants, principally for the production of synthetic ammonia and superphosphates; (5) the importation of fertilizers by the Ministry of Agriculture for resale to farmers.

“ With regard to the production and use of commercial fertilizers in Brazil there are two considerations of particular and immediate importance : (1) the possible use of electric energy at Paulo Affonso Falls for the production of synthetic ammonia and possibly superphosphates; and (2) a Government inspection system to protect farmers from possible fraudulent practices in providing commercial fertilizers.

“ There is urgent need for a domestic source of ammoniate fertilizer in Brazil. Synthetic ammonia seems to offer the only possibility, and that is dependent upon abundant cheap electric energy. The hydroelectric plant at Paulo Affonso Falls, the construction of which has already been authorized, is rather remotely located, and the opportunity to sell energy locally would add to the soundness of the undertaking. The production of synthetic ammonia requires no raw materials except limestone, an abundance of which is located in the vicinity of the falls. Furthermore, if phosphate deposits within reach of Paulo Affonso should be of such character as to lend themselves to the electric furnace method of reduction, a further market for this plant's electric energy might be realized.

“ These possibilities, if they can be realized, will serve useful purposes to both Brazil's agriculture and its power-development program ”.

ANNEX No. 4

1. GEOLOGICAL STUDIES

A cooperative program between Brazil and the United States to study Brazilian mineral resources is being carried out by the Bureau of Mines and the Geological Survey of the Department of the Interior on the part of the United States and by the Departamento Nacional de Produção Mineral do Ministério da Agricultura on the part of Brazil. This program is designed to : make technological investigations relating to the industrial use of Brazilian ores for internal consumption and for purposes of export and to study in detail the problems connected with prospecting, research, mining, beneficiation, and combustion of Brazilian coals; appraise the mineral resources of Brazil by means of geological and mineralogical studies, with special emphasis on the principal minerals which form part

of the trade between the United States and Brazil and on those not yet produced in great quantity in Brazil which may enter into such trade in the future; lay the scientific basis for the developments of those resources, including the preparation of such geologic, topographic and other maps as may be necessary; promote interchange of scientific knowledge and special techniques between the two countries, with special reference to aerial geologic mapping, topographic mapping, economic geology, and ground water and mineralogical investigations.

Under this program two geologists and one topographic engineer already have undertaken studies of the iron ore resources of Minas Gerais and the manganese deposits in that state as well as in Urucum and Amapá. A metallurgical engineer (ore dressing specialist) is assigned to the Brazilian Department of Mines for work considered of interest by that department. Recently he has been active in assisting in the production of lead.

The program for fiscal 1951 is expected to include the following personnel :

- 2 topographic engineers for ground mapping;
- 2 geologists to continue detailed geological investigations of iron ores;
- 2 geologists to continue studies of the manganese deposits and other strategic mineral resources of Brazil;
- 1 inservice trainee to be selected from among the younger professors and assistant professors of the Department of Geology of the São Paulo University for a Class " A " grant for training with the United States Geological Survey domestic field parties.

Aside from this, it is expected that a compilation of an over-all aerial base map of the iron country in Brazil will be made.

2. FAZENDA IPANEMA

Fazenda Ipanema (Ipanema Farm) is owned by the Brazilian Federal Ministry of Agriculture and is located in São Paulo State.

It carries on a national training program in rural engineering and is a demonstration farm. Major purposes are : to train selected personnel from important farming areas in modern agricultural methods with special emphasis on land clearing, mechanized crop production (including animal power), livestock production, irrigation, drainage and soil conservation; to train other personnel in the operation, maintenance and repair of tractors and farm machinery (including animal-drawn); to develop a demonstration farm on which to adapt modern mechanized methods to Brazilian conditions and to determine the best types of equipment for these conditions.

Trained personnel from all states and territories of Brazil return to local points after completion of courses.

A United States technician now at Fazenda Ipanema has been guiding its activities as outlined above since September, 1948.

In order to maintain the high caliber of trainees, to permit expansion urgently and justifiably desired by Brazilian officials and to assist materially in increasing agricultural production through mechanization and demonstration on farms, an expansion of the program has been requested by the Brazilian Ministry of Agriculture and has been

approved by the United States Department of Agriculture which would provide that the following additional technicians be assigned to Fazenda Ipanema under the Point IV program :

- 1 Agricultural Engineer—Farm Machinery
- 1 Agricultural Engineer—Soil Conservation and Irrigation
- 1 Extension Specialist—Training, General Agriculture
- 1 Animal Husbandman—General

3. RURAL IMPROVEMENT PROGRAM IN THE SÃO FRANCISCO VALLEY

Recognizing that the São Francisco Valley must develop and execute an agricultural and economic plan to keep abreast of the hydroelectric and prospective irrigation development, a program is under consideration to extend to the middle and lower valley the type of activity now being carried out by ACAR in the upper valley in the State of Minas Gerais. The São Francisco Valley Commission also desires that the activity be broadened to provide assistance in connection with several irrigation and colonization projects and through the establishment of a vocational training center. More specifically the objectives of the program are to establish a sound system of agricultural credit, the improvement of farm and home practices, improved educational facilities and the bringing of modern medical science to rural people. It is the type of activity that can later be integrated into the proper agencies of government and expanded beyond the proposed demonstrational scale to the point where it would be of real significance in the total economy of the region and the country.

Based on the experience of ACAR in the upper valley it has been estimated that the annual cost of the program would be around US \$900,000. It appears that the financing should be through the participation of the São Francisco Valley Commission, the State Governments, the United States, and through the continued participation of the American International Association, in amounts to be agreed upon.

II

The American Ambassador to the Brazilian Minister for Foreign Affairs

EMBASSY OF THE UNITED STATES OF AMERICA

No. 225

Rio de Janeiro, December 19, 1950

Excellency :

I have the honor to refer to Your Excellency's Note Verbale DE/526/812.(22) (42) of October 21, 1950, transmitting a Memorandum and explanatory documents which contain specific proposals by the Government of Brazil for the development of economic co-operation between our two Governments through the establishment of a Joint Brazil United States Commission for Economic Development.

My Government has instructed me to accept the proposals of Your Excellency's Government for the establishment of such a Joint Commission as

contained in the memorandum and annexes to Your Excellency's note under reference. It is the understanding of my Government that the Joint Commission will be established in furtherance of the objectives and aims expressed in the Point Four General Agreement effected by the exchange of notes between our two Governments on December 19, 1950, and that the activities of the Joint Commission will be carried out in accordance with the terms of the General Agreement.

My Government further understands that among the principal duties of the Joint Commission, as listed in the memorandum accompanying Your Excellency's note referred to above, will be the study and recommendation of means designed to remove deterrents to and otherwise encourage the introduction, local development and application of technical skills, and the creation and effective utilization of capital, both foreign and domestic.

With respect to sharing the costs of the Joint Commission, my Government understands that the salaries, allowances, per diem, and international travel expenses of personnel assigned by it will be borne by it, and other expenses (including salaries, allowances, and per diem of personnel assigned by the Brazilian Government; local official transportation, travel, communications; office space, supplies and equipment) will be borne by the Brazilian Government unless and until other arrangements are made by agreement between the two Governments.

It is understood by my Government that this exchange of notes, namely Your Excellency's note of October 21, 1950, referred to above, this reply, and Your Excellency's acknowledgement of this reply, constitute agreement between the United States Government and the Brazilian Government for the establishment of a Joint Commission for Economic Development as envisaged in the Act for International Development which constitutes part of Public Law 535 of the 81st Congress of the United States.¹

Accept, Excellency, the renewed assurances of my highest consideration.

Herschel V. JOHNSON

His Excellency Dr. Raul Fernandes
Minister for Foreign Affairs
Rio de Janeiro

¹ United States of America, 64 Stat., Pt. 1, p. 204.

III

The Brazilian Minister for Foreign Affairs to the American Ambassador

[PORTUGUESE TEXT - TEXTE PORTUGAIS]

[TRANSLATION¹ — TRADUCTION²]

MINISTERIO DAS RELAÇÕES EXTERIORES
RIO DE JANEIRO

MINISTRY OF FOREIGN AFFAIRS
RIO DE JANEIRO

Em 19 de dezembro de 1950

December 19, 1950

DE/COI/DAI/653/812. (22) (42)

DE/COI/DAI/653/812. (22) (42)

Senhor Embaixador,

Mr. Ambassador :

Tenho a honra de acusar o recebimento da nota nº 225, de 19 do corrente, em que Vossa Excelência me comunica a aceitação, pelo seu Governo, da proposta do Governo brasileiro relativa à criação de uma Comissão Mista Brasil-Estados Unidos sobre Desenvolvimento Econômico, nas linhas indicadas em minha Nota Verbal DE/526/812.(22) (42), de 21 de outubro último, com o qual foram também transmitidos um Memorando e documentos explanatórios.

I have the honor to acknowledge the receipt of note No. 225 of the 19th instant, in which Your Excellency notifies me of the acceptance, by your Government, of the proposal of the Brazilian Government relative to the establishment of a Joint Brazil-United States Commission for Economic Development along the lines stated in my Note Verbale DE/526/812.(22) (42) of October 21 last, with which there were transmitted a Memorandum and explanatory documents.

2. Ao registrar o acôrdo de seu Governo à proposta em questão, desejo confirmar o entendimento de Vossa Excelência de que a Comissão Mista será estabelecida com o fito de facilitar a colimação dos objetivos previstos no Ajuste Geral relativo ao « Ponto IV », concluído por troca de notas entre os nossos dois Governos em data de 19 do corrente, e que as atividades da Comissão Mista serão executadas em conformidade com os termos do Ajuste Geral.

2. In taking cognizance of your Government's agreement to the proposal in question, I wish to confirm Your Excellency's understanding that the joint commission will be established in order to facilitate the achievement of the objectives set forth in the General Agreement relative to "Point IV", concluded by an exchange of notes between our two governments on the 19th instant, and that the activities of the joint commission will be carried out in accordance with the terms of the General Agreement.

3. É também o entendimento de meu Governo que entre as principais in-

3. My Government further understands that, among the principal duties

¹ Translation by the Government of the United States of America.

² Traduction du Gouvernement des États-Unis d'Amérique.

cumbências da Comissão Mista, especificadas no Memorando transmitido com a Nota Verbal DE/526/812 (22) (42) acima referida, se incluem o estudo e a sugestão de medidas destinadas a afastar obstáculos existentes e a estimular a importação, desenvolvimento local e aplicação de métodos técnicos, assim como a encorajar a criação ou aplicação eficaz de capital nacional ou estrangeiro.

4. Com referência à participação no custeio da Comissão Mista, entendo também que os salários, ajudas de custo, diárias e despesas de viagem internacional do pessoal designado pelo Governo de Vossa Excelência serão por êle financiados, ao passo que as demais despesas (inclusive salários, ajudas de custo e diárias do pessoal designado pelo Governo brasileiro, transporte, comunicações e viagens a serviço, dentro do território nacional, instalação e manutenção de escritórios) recairão sôbre o Governo brasileiro, a não ser que seja em data ulterior diferentemente acordado entre os dois Governos.

5. Fica entendido que a minha Nota Verbal de 21 de outubro de 1950, acima citada, a nota que Vossa Excelência me enviou em data de hoje e o texto da presente nota constituem instrumentos do Ajuste entre os Governos do Brasil e dos Estados Unidos da América sôbre o estabelecimento de uma Comissão Mista para o Desenvolvimento Econômico, nos moldes previstos na Lei sôbre Desenvolvimento Internacional que constitue parte da « Public Law » 535 do Octogésimo Primeiro Congresso dos Estados Unidos da América.

No. 1899

of the joint commission as specified in the Memorandum transmitted with the above-mentioned Note Verbale DE/526/812(22) (42), there shall be included a study and recommendation of measures designed to obviate the existing obstacles and encourage the importation, local development and application of technical procedures, as well as encourage the formation or effective investment of domestic or foreign capital.

4. With reference to participation in the expenses of the joint commission, I also understand that salaries, allowances, per diems and international travel expenses of the personnel designated by Your Excellency's Government shall be paid by it, while the other expenses (including salaries, allowances and per diems of the personnel designated by the Brazilian Government, transportation, communications and service trips within the national territory, installation and maintenance of offices) shall be paid by the Brazilian Government, unless it is otherwise agreed at a later date between the two Governments.

5. It is understood that my above-mentioned Note Verbale of October 21, 1950, Your Excellency's note sent to me today, and the text of the present note constitute instruments of agreement between the Governments of Brazil and the United States of America on the establishment of a Joint Commission for Economic Development along the lines stated in the International Development Act which is a part of Public Law 535 of the Eighty-First Congress of the United States of America.

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

Raul FERNANDES

A Sua Excelência
o Senhor Herschel V. Johnson
Embaixador dos Estados Unidos
da América

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

Raul FERNANDES

His Excellency
Herschel V. Johnson
Ambassador of the United States
of America
